Austria ... Sch. 18	Indonesia ... Rp 2750	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy .... L 1300	S. Arabia ... Rls 6.00
Belgium ... Bfr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ..... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... £L 6.00	Sweden ... Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rin 4.25	Taiwan ... NT $95
France ... FFr. 8.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany . DM 2.20	Morocco ... Dh 6.00	Turkey ..... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway ... Nkr. 6.00	U.S.A. $1.50
India ..... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,607 Wednesday April 24 1985 D 8523 B

U.S. budget deficits: a vital factor for Europe, Page 15

World news | Business summary

Expulsions 'should not harm UK Soviet ties'

Britain expressed the hope that the flurry of diplomatic expulsions from London and Moscow would not mar the improvement in Anglo-Soviet relations.

Sir Geoffrey Howe, UK Foreign Secretary, said Britain's efforts to improve relations with Moscow would be maintained.

The Soviet media have yet to refer to the round of expulsions. Background Page 2

Star wars decision

The reactivated Western European Union postponed adopting a common position on the U.S. offer to take part in star wars research programme, mainly on UK insistence. Page 2.

Arms adjournment

The U.S. and Soviet Union adjourned nuclear arms talks until May 30 with neither side appearing to have moved from its starting position. Page 2.

Hi-tech initiative

France is planning an urgent start to talks with interested EEC partners on its "Eureka" initiative for high-technology collaboration. Page 2.

Delors attack

Jacques Delors, EEC Commission president, launched an attack on U.S. economic policies before the Senate Finance Committee. Page 3.

Israeli withdrawal

Israeli troops are set to abandon positions in eastern Lebanon, ending their threat to Damascus which was within range of Israeli artillery. Page 4.

Sarney support

Politicians and businessmen in Brazil publicly rallied around new President José Sarney, in a display of solidarity. Page 3

Police dismissed

Mexican authorities have dismissed a state's police force for corruption and abuse of authority. Page 3

China action call

China told the Soviet Union that it must take action if there is to be a significant improvement in relations. Page 4.

Ports paralysed

Spain's main ports were paralysed by a one-day strike by stevedores over a government plan to privatise management of their work.

Indian riot deaths

More than 15 people were killed in the western Indian state of Gujarat in riots over privileges promised to the lowest castes. Page 4.

Corsican bombing

A bomb badly damaged a French government building in Bastia, Corsica. Police suspect the Corsican National Liberation Front which has been campaigning for independence from France.

Soldiers killed

Two British soldiers were killed and six injured when a truck overturned near a British Army base at Sennelager, West Germany.

Brake time

Peking's bus drivers began a go-slow protest about pay and bonuses, a Chinese trade union official said.

General Motors earnings plunge

GENERAL MOTORS, leading U.S. car company, suffered a 34 per cent earnings setback to $1.07bn in the first quarter, against $1.81bn a year ago. Sales rose to $24.2bn against $22.9bn previously. Other U.S. corporate results, Page 17

WALL STREET: at 3pm the *Dow Jones* industrial average was up 5.41 at 1,271.97. Section III

DOLLAR was firmer in London, closing at DM 3.072 (DM 3.011), SwFr 2.5475 (SwFr 2.4935), FFr 9.365 (FFr 9.195) and Y249.65 (Y248.55). On Bank of England figures, the dollar's exchange rate index rose from 143.3 to 144.9. Page 37

STERLING fell 2.55 cents against the dollar in London to close at $1.252. It was also weaker at DM 3.845 (DM 3.8475), FFr 11.72 (FFr 11.77) and Y312.25 (Y317.5) but improved to SwFr 3.1925 (SwFr 3.185). The pound's exchange rate index fell to 78.8 from 79.3. Page 37

GOLD fell $2 an ounce on the London bullion market to finish at $326.50. It also fell in Zurich to $326.25. Page 36

LONDON fell for the third consecutive session leaving the FT Ordinary index down 12.0 at 959.8. Small losses were registered among short and longer dated gilts. Section III

TOKYO stocks retreated with most institutional and individual investors remaining out of the market. The Nikkei-Dow average dropped 55.78 to 12,124.14. Section III

FRANKFURT shares found further demand, taking the Commerzbank index up 0.3 to a second successive record high of 1,230.4. Section III

SPOT OIL prices weakened amid reports that Egypt planned to cut the official price of Suez Blend by 75 cents to $28.75 a barrel for May shipments.

THE BUNDESBANK firmly rejected the idea that West Germany should boost its economic growth rate by running higher public sector deficits. Page 2

BANQUE INDOSUEZ, French banking group, boosted consolidated net profit 34 per cent to FFr 505.3m ($55.5m) for 1984. Page 18

MERRILL LYNCH, world's biggest brokerage firm, struggling to control its rapidly rising expenses, nearly tripled first-quarter net income to $55.6m. Page 17

TWO MEN accused of tax and currency offences in a case involving Citibank have been jailed by a Milan court. Page 2

KABIVITRUM, Swedish pharmaceuticals group, withdrew its most profitable product, Crescormon, from world markets after suggestions in the U.S. that it can cause a fatal brain disease. Last year almost 60 per cent of the company's profits came from sales of the drug, used in the treatment of dwarfism. Page 18

STOCKLEY emerged as winning bidder for a 22 per cent stake in Stock Conversion and Investment Trust, one of the UK's largest property groups. Lex, Page 16; Details, Page 23

INTASUN LEISURE is to buy Global Tours, Great Universal Stores's tour operating offshoot and one of Britain's biggest coach operators.

HONDA MOTOR, Japanese car and motorcycle manufacturer, boosted consolidated net income 34.5 per cent to a record Y128.5bn ($495m) during the year to February 28. Page 19

BASF and Hoechst, West German chemical companies, returned sharply increased annual earnings and substantially lifted dividends. Page 18

DIGITAL EQUIPMENT, second largest computer maker in the world, reported a 10 per cent decline in third-quarter earnings to $91.69m, despite an 18 per cent gain in revenue. Page 17

Gorbachev makes sharp attack on U.S. arms policy

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV yesterday launched the sharpest attack on U.S. policies he has delivered as Soviet leader, accusing Washington of having no interest in reaching arms control agreements; of violating the conditions of the Geneva arms talks and of failing to respond "with any gesture of goodwill" to Soviet initiatives.

The salvoes were delivered at the first meeting of the Communist Party's 300-member Central Committee under Mr Gorbachev's leadership. With its monopoly of political power in the Soviet Union, the committee appointed three of Mr Gorbachev's close associates to the ruling Politburo: Mr Yegor Ligachev, formerly the committee's head of personnel, Mr Nikolai Ryzhkov, head of its Economics Department and Mr Viktor Chebrikov, the head of the KGB. Marshal Sergei Sokolov, the Defence Minister, was made a non-voting member of the Politburo.

The appointments are seen as strengthening Mr Gorbachev's ability to carry out changes in the personnel and policies of the Communist Party and Government.

Delivered on the closing day of the first round of arms talks in Geneva, the Soviet leader's speech was notable for its flat assertion that "Washington does not seek agreement with the Soviet Union."

Mr Gorbachev said that the U.S. had refused to discuss in Geneva the prevention of the arms race in space simultaneously with the limitation of nuclear weapons on earth.

In the first direct accusation by the Soviet leader that the U.S. had broken the agreement to start the talks in Geneva, Mr Gorbachev said Washington "violates the accord, reached in January, on the interconnection of the three subjects – on the prevention of the arms race in space, on nuclear strategic arms reduction and reduction of medium-range nuclear armaments in Europe."

In explaining the U.S. stance, Mr Gorbachev repeated the continuing Soviet theme that the U.S. wished to change the balance of power in the world against the Soviet Union.

He recalled that Moscow had declared a freeze on the deployment of its own medium-range missiles.

"The Government of the U.S. has not responded to any of these initiatives with any gesture of goodwill. Standard and customary 'No's' to Soviet proposals clearly show the United States' reluctance to lead matters to reasonable results."

The leader, who did not mention a possible meeting with President Reagan, said the Soviet Union hoped the current U.S. attitude "would be corrected."

He said: "This would open an opportunity for achieving mutually acceptable accords. We, for our part, are prepared for this."

He went on to promise the Soviet armed forces all the support they needed, although in recent weeks the Soviet leaders have stressed that military allocations depend on the growth of the economy as a whole. Defence is estimated to account for some 13 per cent of Soviet gross national product.

Although the Kremlin may have decided that no substantive negotiations are likely in Geneva, Mr Gorbachev has been eager to seize the initiative in foreign policy by agreeing to go to the United Nations General Assembly meeting in New York in September where he is likely to meet President Reagan.

The additions to the Politburo follow recent changes in local party leadership which have linked together the need for economic reform with a campaign against corruption.

Continued on Page 16

Western European Union meeting, Page 3; diplomatic expulsions, Page 2

Daimler-Benz to buy 68% stake in Dornier

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor vehicle group, has agreed to take a 68 per cent stake in Dornier, the aerospace company, where the family shareholders have been engaging in a bitter feud.

The move represents a broadening of Daimler-Benz's involvement in high-technology areas alongside its passenger car and commercial vehicle business. Only two months ago it bought out its partner in MTU, the aero-engine and diesel-engine maker.

Daimler-Benz has not disclosed how much it proposes to pay for its majority stake in Dornier, but the state government of Baden-Württemberg has agreed to pay DM 23m ($69.4m) for a 4 per cent stake. On that basis, the Daimler-Benz purchase would amount to about DM 400m.

The proposed deal would leave 20 per cent of Dornier in the hands of Herr Claudius Dornier and 8 per cent with Herr Silvius Dornier. They are two of the six family members who have been wrestling for control of the aircraft maker and space technology concern.

Family members have a first option on share sales, but all – with the exception of Herr Claudius Dornier – have so far, approved the Daimler-Benz deal. The motor vehicle concern said it was confident that Claudius Dornier would go along with the agreement.

Dornier, which had sales revenue of DM 1.5bn last year, was founded by Herr Claude Dornier, an aviation pioneer, more than 50 years ago.

Long-running conflicts between his heirs led to concern among the workforce and in political circles about the company's future. Anxieties grew when Herr Manfred Fischer, the newly appointed chief executive, was abruptly dismissed recently – only to win a court order invalidating his dismissal.

With some family members tired of the wrangling and willing to sell out, Herr Lothar Späth, prime minister of Baden-Württemberg, took the initiative of bringing them together with Daimler-Benz for protacted negotiations.

Herr Späth was anxious that control of Dornier should remain in the hands of business interests in his state.

Mannesmann, the engineering group, tried to buy a stake in Dornier but announced yesterday that it had withdrawn its offer after it was clear that it could not get a majority holding.

Daimler-Benz said Dornier, which has 9,000 employees, would continue as an independent entity.

The motor vehicle concern, whose sales reached DM 43.3bn last year, sees Dornier as a further opening into future-oriented technologies.

Daimler-Benz's prestige car business has been going ahead strongly, while its commercial vehicle business slipped in recent years as a result of recession and the international payments problems of developing countries.

MTU's aero-engine operations are seen as supplementing Dornier's activities. Daimler-Benz and MAN, its truck rival, each held 50 per cent of MTU, but with MAN climbing back from serious difficulties Daimler-Benz saw an opportunity recently to take full ownership.

Dornier family ties, Page 18

Unocal unveils new defence

BY WILLIAM HALL IN NEW YORK

UNOCAL, the U.S. oil company under attack by a group of corporate predators led by Mr T. Boone Pickens, the Texas Oilman, yesterday unveiled its latest defensive ploy and announced plans to buy back nearly a third of its equity for a $3.6bn package of bonds.

Unocal said it would purchase 50m of its 173.9m outstanding shares for $72 a share in senior secured notes whether or not Mr Pickens's Mesa group is successful in its bid to buy 64m Unocal shares at $54 each.

The latest move is a variation on last week's announcement that Unocal would buy back the remaining 49 per cent of its shares for $63bn of debt, if Mr Pickens succeeded in winning majority control of the company. That would have left the oil company heavily indebted and made it much less attractive to Mr Pickens.

In an unusual move, Unocal stressed that it would not accept any of Mesa's 23.7m shares for exchange into its debt securities. That would put Mr Pickens at a major disadvantage because the value of the remaining shares would be expected to fall after the transaction. It was unclear last night whether Unocal had the power to disenfranchise its biggest shareholder, which controls 13.6 per cent of the company.

Mr Pickens described Unocal's earlier conditional offer to buy back its shares at $72 as a "phantom offer" and said it was designed to prevent share holders from receiving $54 a share cash. Several major institutional shareholders are known to sympathise with Mr Pickens and are angered by the company's "scorched earth" tactics, which appear designed to fend off Mr Pickens at all costs.

Before the Mesa bid Unocal shares were trading in the low $30s range, and Unocal's major institutional shareholders are well aware that the share price would collapse if Mr Pickens walked away from the fight.

In early trading yesterday Unocal shares rose $1½ to $49½.

Mr Pickens started a $1.6bn lawsuit against Unocal's defensive tactics and stressed that Unocal had yet to offer an economically viable alternative to his $54 a share cash offer.

Mr Pickens is urging Unocal shareholders to vote for an adjournment of next Monday's annual meeting

Coca-Cola hopes to add fizz with new formula

By Paul Taylor in New York

COCA-COLA'S effervescent Cuban-born chairman, Mr Roberto Goizueta, made history yesterday. Ninety-nine years after an Atlanta pharmacist and patent medicine salesman, Dr John Pemberton, cooked up the first brew of Coca-Cola in a three-legged brass pot, Mr Goizueta announced that the world's largest soft drinks group had changed the still-secret Coca-Cola formula.

Confirmation of the widely leaked change came at a New York press conference at which Mr Goizueta presented a new, sweeter-tasting Coca-Cola, which the consumer giant billed as "the most significant soft-drink development" in its history.

Mr Goizueta, who inherited the number one job at Coca-Cola in 1981, said the new secret formula, developed over the past four years, will sit alongside the old, known as "Merchandise 7X," in the downtown vaults of the Trust Company of Atlanta, Georgia.

Although Coca-Cola has made a number of slight changes to the formula, mostly believed to have involved minute changes in caffeine and sugar content over the years, the latest change is generally viewed as the most significant since the company withdrew the minute trace of cocaine in Coca-Cola in 1903.

Mr Goizueta described the new-taste Coca-Cola as, "smoother, rounder, yet bolder – a more harmonious flavour." He indicated that the change had been approved earlier this year by the legendary Mr Robert Winship Woodruff, the 94-year-old patriarch of the company who helped to build Coca-Cola's unrivalled world distribution network in the war years

But the Cola-Cola chairman strongly denied that change came in response to market pressure from Coca-Cola's arch-rival, Pepsi Cola, which has been challenging Coca-Cola's market supremacy in some areas.

He denied that Coke "had taken the Pepsi challenge," insisting that the change was prompted after extensive consumer testing which found that the new formula was preferred to the old by 65 of every 100 customers.

Nevertheless, the new Coca-Cola marks a further intensification of the soft-drinks war. Yesterday, Pepsi took out full-page advertisements in U.S. papers declaring: "After 87 years of going eyeball to eyeball, the other guy just blinked."

Renault shows record loss of $1.36bn

BY PAUL BETTS IN PARIS

RENAULT, the motor group long championed by the Socialists as the symbol of successful state ownership in France, last night reported record losses of FFr 12.55bn ($1.36bn) last year compared with losses of FFr 1.57bn in 1983 and FFr 1.28bn in 1982.

The 1984 losses include a huge FFr 9.8bn deficit in the group's traditionally profitable car division at a time when Renault's main rivals in Europe and the U.S. have staged a strong financial recovery. Renault's car operations earned the group FFr 674m in 1983.

M Georges Besse, Renault's new chairman, was judged last night to have deliberately sought to clean the group's balance sheet by making heavy provisions of FFr 4.5bn to cover the cost of job restructuring and reduce financial charges, which last year totalled FFr 3.9bn, or the equivalent of 3.3 per cent of Renault's group sales of FFr 117.6bn.

M Besse, who took over at Renault last January after the forced resignation of M Bernard Hanon, is now seeking FFr 8bn in immediate support from the French Government to cover the group's 1984 accounts. Renault, which spent FFr 9.9bn in new investments last year, is also expected to need additional support if is to maintain its current annual investment rate of about FFr 10bn.

The record losses and Renault's fresh calls for funds is bound to be used by the French right-wing opposition as further ammunition against Socialist nationalisation policies in the run-up to next year's general elections. The Government, however, is also claiming that a number of nationalised industrial groups, with the exception of the steel and car sectors, have returned to profit.

Renault reported its losses after a long-awaited board meeting, but M Besse did not use the occasion to outline his recovery strategy. Indeed, the former chairman of the nationalised Pechiney aluminium group has been keeping his cards close to his chest since taking over at Renault.

M Besse, whose immediate priority is to resolve Renault's financial difficulties, has been conducting a detailed review of the group's worldwide operations. He is generally expected to seek to recentre the group on its traditional car assembly operations.

Although no big decisions have yet been taken by M Besse, he is clearly reviewing the future of Renault's extensive U.S. interests, including major shareholdings in AMC and Mack Trucks.

M Besse has also been said to be considering the possibility of closing Renault's large and old Billancourt plant in Paris, shutting an engine plant in Mexico and reviewing the group's diversifications in other

Continued on Page 16

Record profits for Honda, Page 19

Pretoria holds three top UDF officials

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA yesterday arrested the three most important officials still at liberty of the United Democratic Front (UDF), the prominent multiracial political grouping opposed to the country's apartheid policies.

The latest detentions come five days after President P.W. Botha issued a fierce attack on the UDF as "the internal extension of the African National Congress Party."

Yesterday's detentions of Mr Popo Malefe, UDF general-secretary; Mr Patrick "Terror" Lekota, the publicity secretary; and Mr Moses Chikane, the former Transvaal provincial secretray; also follow a series of arrests and harassments of other UDF leaders in recent months. The three are being held under internal security laws in connection with investigations into the outbreak of violence in the Transvaal last September.

More than 40 UDF leaders are now in jail and the authorities are planning two major treason trials later this year which will attempt to prove the Government's allegations of links between the UDF and the banned ANC, whose formal committment to the violent overthrow of the South African Government is the basis of the treason charges.

Mr Lekota, whose nickname "terror" dates back to his earlier career as a professional footballer, was arrested at Port Elizabeth airport af-

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Reform and repression, Page 4

CONTENTS

Poehl draws firm line on boost to growth

BY JONATHAN CARR IN FRANKFURT

LITTLE MORE than a week before the Western economic summit conference in Bonn, the Bundesbank has firmly rejected the idea that West Germany should seek to boost its economic growth rate by running higher public sector deficits.

The president of the independent central bank, Herr Karl Otto Poehl, said yesterday that the so-called "locomotive theory" could well be resurrected at the summit—albeit directed more at Japan than the Federal Republic.

According to this theory, countries with relatively low budget deficits and inflation rates should go for fiscal expansion, more economic growth and higher imports, thus helping boost the economies of their trading partners.

The theory played an important role at the last Bonn economic summit in 1978, and resulted in a West German commitment to take steps to win more economic growth costing around 1 per cent of GNP (then DM 12bn—£3.1bn). Bonn kept its promise, but made its budget difficulties worse by doing so.

In a speech before the Ruhr university in Bochum, Herr Poehl noted that calls for a more expansionist policy by the West Germans not only came from abroad (notably the U.S.) but at home, too. However, it had to be remembered that in the mid-1970s the Government had sought to secure economic growth by running budget deficits of more than 6 per cent of GNP — compared with previous levels rarely more than 3 per cent.

Such big deficits as Bonn had at that time—and as the U.S. had now—could only be cut to a tolerable level by a very painful process, Herr Poehl said. Moreover, that process tended to do away with any temporary benefits which the deficits might have brought in the first place.

Herr Poehl recalled that at the time Bonn had adopted a "deficit spending" course virtually no one had contradicted it—not even the Bundesbank!

His comments come at a time when West Germany is again running big trade surpluses (DM 54bn last year), its current account is well in the black, its inflation rate is down to about 2.5 per cent and government borrowing has been cut sharply in the past two years. However, with unemployment still averaging more than 2m there are voices, even in the centre-right government parties, urging that a less tight fiscal course be followed.

In particular, there has been support for the view that Bonn should push through the whole of its DM 20bn tax concessions package next year, instead of doing it in two stages in 1986 and 1988. Dr Gerhard Stoltenberg, the Finance Minister, has been firmly against this, however, and there is no sign that the Government will adopt a different stance at the May 2-4 summit.

THE EXPULSIONS OF BRITISH AND SOVIET DIPLOMATS

Cold snap in a warming climate

BY DAVID BUCHAN

THE LATEST tit-for-tat expulsions from London and Moscow are sure to have some impact on Anglo-Soviet relations, which had reached their warmest point for several years. But on past form, the effect is likely to be a temporary frostiness, rather than a lasting freeze.

The key unknown is how relations would have otherwise developed, following last December's highly successful trip to the UK by Mr Mikhail Gorbachev who even then, two months before he became Communist Party general secretary, was still the highest-ranking Soviet leader to visit Britain since the 1950s.

One immediate casualty may be the visit which Mr Andrei Gromyko, the Soviet Foreign Minister, is due to make to London this year; it would be his first trip to the UK since 1976. British ministers were not planning trips to Moscow for the time being, with Sir Geoffrey Howe, the Foreign Secretary, having just completed earlier this month his "grand slam" tour of Warsaw Pact countries.

After a long gap from 1971, tit-for-tat expulsions set in with almost metronomic regularity in the early 1980s as the Thatcher Government grew concerned about underhand Soviet acquisition of British high-technology, some of it considered to be of military potential.

Anglo-Soviet relations were in any case soured by the crises over Arghanistan and Poland, and did not seem to be chilled much further by the expulsions.

The events over the past two years, most notably the Gorbachev visit to London, but also trips to Moscow, once by Sir Geoffrey and twice by Mrs Thatcher (for the Andropov and Chernenko funerals), have given Britain more diplomatic ground to lose this time.

Sept.-Oct. 1971: 105 Soviet officials expelled: 18 British citizens expelled or visas cancelled, 13 of them diplomats and five businessmen. The UK then introduced official ceilings for Soviet officials in Britain which have been reduced with every subsequent public expulsion.

Aug. 1981: One Soviet diplomat expelled; one British diplomat expelled.

Feb. 1982: One Soviet trade delegation official expelled; no Soviet retaliation.

Dec. 1982: One Soviet naval attache expelled; one British naval attache expelled.

Jan. 1983: One Soviet employee at the London-based International Wheat Council expelled; no Soviet retaliation.

Mar.-April 1983; Two Soviet diplomats and one Soviet journalist expelled; one British journalist (Anthony Robinson of the Financial Times) expelled; one Soviet diplomat expelled.

Sept. 1983: One Soviet trade delegation official expelled; no Soviet retaliation.

May 1984: One Soviet diplomat expelled; one British diplomat expelled.

April 1985: Five Soviet diplomats and officials expelled; three British diplomats expelled.

But, despite this week's angry protest from the Soviet's, there are several factors why they will probably not want to downgrade relations, especially with Britain. The first is that Britain is by no means the only country to take a tougher stand on "impermissible" Soviet activities abroad.

The early 1980s has seen an increase, though not a steady one, in the number of Soviet diplomats and officials expelled by their host governments—27 in 1981, 49 in 1982 (23 from Europe), nearly 150 (82 from Europe, including 47 from France alone) in 1983 and 19 last year.

Partly at U.S. instigation, many Western Governments have become sensitised to Soviet efforts to circumvent tighter strategic export controls agreed in the Paris Corodinating Committee (CoCom).

Because the Soviet Union has probably become more rather than less dependent on Western high technology in its efforts to match U.S. weaponry advances, it will not want diplomatic ructions to affect trade. Indeed Mr Gorbachev went out of his way in London to praise those European and British companies which had defied U.S. embargoes on pipeline equipment. He will probably remember with pleasure that he was loudly applauded by British businessmen for that remark.

Only in 1971 did British businessmen bear the brunt of any Soviet retaliation, and there is every sign that Moscow, mistrustful of renewing 1970-style economic ties with the U.S., wants to encourage the widest competition for its upcoming 1986-90 five year plan contracts from all West European countries, including Britain.

Finally, Mr Gorbachev, perhaps more than his immediate predecessor, appears to realise the political mileage in wooing Western Europe, which remains sceptical about the merits of the Reagan Administration's Star Wars plans, and of a British Government whose Foreign Secretary has openly voiced this scepticism.

But what still remains something of a mystery is the extent of Soviet diplomatic "misbehaviour" which Britain, in common with other Western Governments, alleges but does not publicly detail, when announcing explusions.

This is the more curious because the Soviet embassy in London faces special penalties. The British Government has in recent years not only warned that it would retaliate against any Soviet retaliation, a threat which was carried out in April 1983, but since 1971, Britain has lowered the numerical ceilings on Soviet officials in the UK by every Soviet it expels.

Thus, after the latest expulsion round, the maximum number of permitted Soviet accredited diplomats comes down to 39 and the number of Soviets working in "ancilliary organisations," such as the trade delegation, Aeroflot, Intourist, Pravda, Tass and so on, down to 104.

The handicap on the Soviet diplomatic, business and journalistic presence in the UK grows therefore with each expulsion. So far at least, the Soviets have imposed no such permanent ceiling on the British embassy in Moscow, which is theoretically free at some point to send replacements for the three embassy staff ordered to leave the Soviet capital within a week.

Italy sets railways on new track

By James Buxton in Rome

THE ITALIAN Parliament has passed a law which should greatly improve management of the country's badly rundown railways.

The Ferrovie dello Stato (FS) will become a state-owned corporation rather than an agency of the Ministry of Transport. Up to now it has simply been regarded as state property, little different to the foreshore round Italy's coasts. As such it does not compile a balance-sheet, makes no allowance for depreciation and has little incentive to become efficient.

It has had to ask Parliament if it wanted to do anything more than routine maintenance. Until the recent inauguration of a L34,000bn (£14bn) investment programme Parliament was extremely reluctant to vote funds and the system has deteriorated.

In future, the railways will run as a corporation with a board with greater power to make decisions. The Corporation will also begin its existence with no debt.

However, the railways will continue to be subsidised heavily (revenue from passengers and freight covers only 20 per cent of current expenditure) and slimming the 220,000-strong labour force is likely to be tackled very slowly.

Two Citibank men guilty in currency case

By Our Rome Correspondent

TWO MEN accused of tax and currency offences in a case involving Citibank, the leading New York bank, have been sentenced to jail for a year and fined in Milan. Five others were convicted but pardoned, and four more were found not guilty.

The case involved a scheme, technically known as "parking," in which Citibank branches allegedly arranged foreign exchange transactions between each other at artificial prices which resulted in trading positions or the profits on particular deals ending up in a foreign branch where the laws were most favourable.

Citibank agreed to pay back taxes to West Germany and Switzerland in order to settle similar charges in those countries.

WEU nations put off adopting common stand on Star Wars

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT IN BONN

FOREIGN and Defence Ministers of the reactivated seven-nation Western European Union yesterday postponed the adoption of a common position on the U.S. offer that they should participate in President Ronald Reaagn's Star Wars research programme, mainly on British insistence.

Their decision means that the European countries taking part in the summit of the Western industrialised countries in Bonn on May 2-4 will be speaking with separate voices on the U.S. Strategic Defence Initiative (SDI), in keping with Washington's wishes.

The tortuous wording of the final communique reflected the difficulty which the ministers from Britain, France, West Germany, Italy and the three Benelux countries had in reconciling their positions on the SDI research programme.

Herr Hans Dietrich Genscher, the West German Foreign Minister, the most enthusiastic advocate of a common European stance, was faced with the reservations of British ministers who made clear they favoured bilateral contacts with the U.S. on the subject.

In the end, the ministers agreed "to continue their collective consideration in order to achieve as far as possible a co-ordinated reaction of their governments to the invitation of the U.S. to participate in the research programme." They also underlined the importance of continuing bilateral consultations with their partners in the Atlantic alliance "as an essential element of allied cohesion."

Mr Michael Heseltine, the British Defence Minister, tried to minimise the differences between Britain and its partners by emphasising that it was impossible for the WEU countries to adopt a co-ordinated position on participation in SDI research "until we know what the opportunities are."

Countries would now be able to explore those opportunities bilaterally with the U.S. and once these had been identified, a start could be made on co-ordinating positions. However, few ministers displayed much faith in the ultimate outcome of such attempts.

France to press forward with Eureka initiative

BY RUPERT CORNWELL IN BONN

DESPITE misgivings from Britain, and to a lesser extent the Netherlands, France is planning an urgent start to consultations with favourably disposed EEC partners on its "Eureka" initiative for far-reaching European collaboration in high technology.

M Roland Dumas, the French Foreign Minister, professed himself yesterday "well satisfied" with the response to the idea at the meeting of ministers from the seven-nation Western European Union (WEU) which ended here after two days.

Paris, he said, would be beginning contacts "within the next few days" with interested parties. Among the members of the WEU, these include West Germany, Italy and Luxembourg.

Although M Dumas stressed that in contrast to the SDI, Eureka was intended primarily as a civilian venture which could have spin-off military applications, the areas on which it concentrates, among them optronics, high-performance computers artificial intelligence and laser technology—are precisely those central to SDI.

Underlying the urgency with which Paris is pressing Eureka is the fear that with or without the SDI, Europe now faces the threat of slipping into technological dependence on the U.S., unless it can step up its collaboration and get better value for money from its research and development

M Dumas warned that if Europe did not swiftly work out a concerted policy, it risked ending up as a mere subcontractor. "Nothing," he said, "will prevent our scientists, our capital and our individual companies yielding to the temptation of ad-hoc co-operation with U.S. contractors," thus destroying Europe's hope of retaining credibility in the field.

Britain's two ostensible complaints, it was clear last night, relate to the lack of detail about what the French have in mind, and a reluctance to make any major change in the EEC's institutional structure to accommodate Eureka.

Arms talks cordial but tough, says U.S. envoy

BY WILLIAM DULLFORCE IN GENEVA

THE U.S. and the Soviet Union yesterday adjourned their nuclear arms talks until May 30. In the first round lasting six weeks neither side appears to have moved from its starting position but at least a cordial working relationship has been established between Mr Max Kampelmann of the U.S. and Mr Viktor Karpov of the Soviet Union.

The negotiations have been difficult, but have helped bring about increased understanding of one another's positions, Mr Kampelmann said in a brief statement after a last two-hour session at the U.S. mission.

He will fly to Brussels today to brief the Nato allies before returning to Washington to report to President Ronald Reagan.

Mr Kampelmann said meetings with the Russians had been both formal and informal. On one occasion he and Mr Karpov were seen dining alone at one of Geneva's most reputed restaurants.

The secrecy cloaking the negotiations has been tightly maintained but some members of th eU.S. team do not subscribe to the view that progress towards control of nuclear arms is unlikely before a third round of talks in the autumn after a meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader.

"We have not been wasting our time here," one said yesterday.

Ivo Dawnay adds from Brussels: Mr Richard Burt, the U.S. Assistant Secretary of State currently chairing Nato's Special Consultative Group, said here yesterday that the Geneva talks were so far only "a feeling-out process."

Although no one had expected rapid progress, the Soviet offer of a freeze on medium-range missile deployment was viewed as a propaganda ploy and a "disappointment" by the SCG. "It is not altogether clear to us that the Soviets intend to be serious in the negotiations," he said.

The SCG agreed that the moratorium offer was not an acceptable basis for agreement. It would perpetuate Soviet superiority in missile numbers at the level of eight to one, diminish its incentives to agree serious cuts in its SS20 missile force, and did not prevent deployment outside the European zone of the Soviet Union.

Ministers in pursuit of extra EEC farm cash

By Quentin Peel in Luxembourg

BUDGET MINISTERS of the European Community yesterday resumed their struggle to finance the inexorable increase in the cost of the EEC farm policies, facing a demand for extra national contributions of up to Ecu 2.8bn (£1.7bn) to produce a balanced budget of some Ecu 29bn for the current year.

The ultimate figure for extra cash to be approved by the 10 national parliaments is likely to be closer to Ecu 2bn, if the ministers stand by the cuts they agreed last year before their draft budget was rejected by the European Parliament.

Britain, with some support from Belgium and the Netherlands, was last night fighting to reduce that gap further, in the knowledge that the farm ministers have yet to agree on a farm price package which could have the opposite effect.

The Budget Council resumed in Luxembourg to redraft a 1985 budget to end the Community's present cash rationing which restricts monthly finances for the whole range of EEC policies to one twelfth of 1984 spending. The main effect has been to prevent the launch of any new policies, such as the EEC research programme agreed last December.

The ministers first met a delegation from the Parliament, which rejected the original budget for failing to finance a full year's spending, particularly on farm policies.

M Pierre Pflimlin, the Parliament's president, warned them that the new draft must allow for the full effect of any farm price increase still being debated in the Agriculture Council. Any unbalanced budgets would risk rejection again.

He also attacked the plan to allow Britain its promised Ecu 1bn budget rebate in the form of reduced budget contributions to be financed by the other nine member states. The Parliament wants the money paid in the form of special spending schemes, as in former years.

However, the British rebate is one issue regarded as settled by the budget ministers, with a formula worked out by the European Commission to share the cost among the rest of the Community. This would increase France's contribution from Ecu 3.45bn to Ecu 3.79bn, for example, possibly making that country a net contributor to EEC finances for the first time.

In spite of having won its case on the rebate, the British delegation remains the sternest on seeking to hold down the rise in farm spending.

Austria acts against rise of neo-Nazism

By Patrick Blum in Vienna

AUSTRIA is launching an information campaign against Nazi ideas to counter growing neo-Nazi activity among the young. A law is also to be introduced to enable the authorities to punish neo-Nazi activities more effectively.

Herr Karl Blecha, the Interior Minister, says he believes there are no more than about 200 hard-core neo-Nazi activists in Austria although the number of sympathisers may be much greater.

In recent months leaflets glorifying Nazi ideology and denying the slaughter of 6m Jews have been distributed outside schools. The authorities have been unable to do anything about this since distributing leaflets does not represent actual Nazi activity, which is illegal, but an expression of opinion.

In 1983 eight Austrians and one West German were jailed for bomb attacks on Jewish-owned shops and homes. A recent study suggested that 15 per cent of Austrians sympathised with extreme Right-wing and Nazi ideas.

Lisbon's labour law plan raises tensions

By Our Lisbon Correspondent

PORTUGUESE GOVERNMENT plans to liberalise rigid labour laws that employers say make it virtually impossible to dismiss workers are aggravating tensions within the country's Socialist-Social Democrat coalition and raising the prospect of widespread industrial unrest.

Leaders of the socialist trade union federation, the Uniao Geral de Trabalhadores (UGT), yesterday threatened a general strike if the Bill becomes law when it goes before parliament in May after a year of fruitless negotiation in the all-party Commission for Social Reconciliation.

The UGT, which has previously striven to avoid confrontation, demonstrated the strength of its militant opposition to the measures with an unprecedented proposal to organise joint industrial action with the communist CGTP-Intersindical Union Federation, traditionally a bitter rival

Employers contend that the existing legislation is an insurmountable barrier to efficient management, enabling them to dismiss workers only in cases of flagrant criminal misconduct after tribunal hearings taking up to four years.

Church marks Popieluszko death

BY CHRISTOPHER BOBINSKI IN WARSAW

HUNDREDS OF priests led by two Warsaw bishops yesterday prayed at the grave of Fr Jerzy Popieluszko, the murdered pro-Solidarity priest, demonstrating that the crime has been firmly etched on to the Polish Roman Catholic Church's memory.

The ceremony, held on the feast day of St George, Fr Popieluszko's patron, was the first of its kind since the priest was murdered. Bishop Wladyslaw Miziolek told the white-clad clergy that Fr Popieluszko's life was a reminder that "they should always be ready to bear witness to their faith."

Only the day before an appeal court had upheld heavy prison sentences on the four security servicemen who killed the priest. Col Adam Pietruszka, the most senior and the man who ordered the killing, will serve 25 years. Captain Grzegorz Piotrowski, who actually led the assault, also a 25-year term. His two subordinates will serve 15 and 14 years each.

Yesterday, in front of the white stone church where Fr Popieluszko worked and is buried, hung a picture of St George slaying a red dragon, an image which has already come to depict in the popular mind Fr Popieluszko and his clash with the authorities.

The dead priest is also a Solidarity patron and the banned union's underground leadership in Warsaw has told supporters to gather at the church for a service on May Day after which a demonstration against food price rises is likely.

The ceremony yesterday which brought together a third of the clergy in the central Warsaw diocese precedes an important session of the Church-state mixed committee today. This meets at a time of tense relations between the two sides

Ireland-Iberia pact to share TV satellite

BY BRENDAN KEENAN IN DUBLIN

AN AGREEMENT between Spain, Portugal and Ireland to share a direct broadcasting satellite (DBS) may now offer the best chance for the Irish to beam television programmes into the potentially lucrative UK market.

Irish plans to launch a satellite by 1987 have been thrown into some disarray by increasing doubts about the economics of such a project and by the difficulties the British have encountered in trying to organise their own DBS system.

Spain, Portugal and Ireland were all allocated the same orbital position under an international agreement

One of the four consortia interested in an Irish satellite, Westsat, has been trying to interest the Spanish and Portuguese in a joint venture for some time.

The Spanish were cool at first, but their attitude seems to have changed since a committee reported that a wholly-Spanish satellite would not be a commercial proposition.

A joint operation would require formal agreement between the governments and broadcasting authorities of the three countries and no serious talks have yet begun.

However, the Irish Government has postponed its original deadline for a decision on the applications to allow time for further consideration.

Some of those involved in other Irish bids would also welcome an Iberian tie-up but believe it would be possible to have a commercial Irish satellite under certain conditions.

As well as keeping to the original estimated launch costs of £300m, potential Irish investors would like to see a UK service in operation, first, to help establish the market for satellite programmes.

Andriana Ierodiaconou assesses peace efforts as Greece prepares for a general election

UN chief tries again to bring Cyprus together

WHEN THE Cyprus peace talks collapsed last January in New York, Sr Javier Perez de Cuellar, the United Nations Secretary General, said he hoped to bring President Spyros Kyprianou and the Turkish Cypriot leader, Mr Rauf Denktash, together again in February. That deadline, and later ones, have passed, but the UN is still struggling to make the meeting happen.

The Secretary General's task is to get the two sides to agree on the substance of a draft settlement for reunifying Cyprus, partitioned since Turkish troops invaded in 1974, and on the procedure to be followed to approve such a settlement at a Kyprianou-Denktash meeting.

Sr Perez de Cueller has presented the Greek and Turkish Cypriots with a new proposal on these aspects. Consultations between the UN and the Greek Cypriots began on March 11 at a meeting between the Secretary General and Mr Kyprianou in Geneva. They are said to be quite advanced but with some details still to be worked out. Consultations with the Turkish Cypriots began intensively just last week.

The new proposal, which is understood to be an amalgam of previous documents with some modifications, remains secret. But the draft settlement plan tabled in New York is believed to remain at its core essentially unchanged. A key feature of the January plan was the creation of a two zone federal republic with a single citizenship in which the 18 per cent Turkish Cypriot minority would control approximately 29 per cent of the territory (as opposed to the 37 per cent occupied by Turkish troops today) and the Greek Cypriot majority the rest.

The republic would have a Greek Cypriot President and Turkish Cypriot Vice President. The legislature would comprise two chambers, with a 70-30 and a 50-50 Greek Cypriot to Turkish Cypriot ratio in the lower and upper chamber respectively. Disputes arising from the workings of the federation would be referred to a three-member body with one non-Cypriot voting member.

The talks broke down in January not because Mr Kyprianou and Mr Denktash disagreed on any of these points but because they could not agree on a procedure for agreeing key details of the settlement which were still outstanding, such as the withdrawal of the Turkish occupation troops, the precise occupied territories to be returned to the Greek Cypriots, guarantees for a future accord, and the right of settlement, property ownership and movement in the republic, an issue vital to the interests of the 170,000 Greek Cypriot refugees created by the Turkish invasion.

Mr Kyprianou insisted that these should be negotiated at summit level before signing a draft agreement. Mr Denktash wanted them relegated to joint working groups. According to diplomats in Nicosia, the new UN proposals can be assumed to contain compromise suggestions for breaking this procedural deadlock.

The UN peace initiative, meanwhile, has been overtaken by domestic political developments on both sides of the Cypriot divide. Mr Kyprianou has been embroiled in a domestic political rebellion led by the two main opposition parties — the pro-Moscow Communists and the pro-U.S. Democratic Rally which share about 65 per cent of the vote between them — who have been in unlikely alliance ever since he returned from New York empty handed.

The opposition insists that the President should have endorsed the preliminary documents in New York. To push their point they passed a parliamentary motion in February calling on Mr Kyprianou to abide by the decision of the majority in the house, or call an early presidential election.

The President has referred the question to a constitutional court. He is believed to have a strong case given that Cyprus has a presidential system of government, but reaching an agreement with Mr Denktash would take political heat off him.

Mr Denktash, meanwhile, is set to hold a referendum on May 5 for a new constitution in the occupied north of the island. He unilaterally declared an independent state there in November 1983, but the state has only been recognised by Turkey. This will be followed by legislative elections on June 23.

A presidential election in which Mr Denktash plans to be a candidate will be held either simultaneously or soon after. He has said he will not meet Mr Kyprianou before the election, pushing the date for another meeting to July at the earliest.

More worryingly, from the point of view of achieving such a meeting, Mr Denktash has said that he considered the documentation tabled in New York no longer valid. If he sticks to this view the UN will have to start putting a new draft settlement plan together from scratch. It remains to be seen, whether peace for Cyprus has been pushed back only months, or years.

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Delors launches attack on U.S. economic policy

BY STEWART FLEMING IN WASHINGTON

THE PRESIDENT of the EEC Commission, M Jacques Delors, yesterday launched a harsh attack on U.S. economic policies before the Senate Finance Committee.

Claiming that U.S. economic policy "has led practically everywhere to very high real interest rates" which damage the prospects for growth around the world, M Delors echoed Mr George Shultz, U.S. Secretary of State, in a plea for "an internationally co-ordinated strategy" to tackle the economic problems facing the industrialised countries.

M Delors made his remarks after a morning meeting with President Ronald Reagan which was designed in part to allow the two men to get acquainted ahead of next month's economic summit in Bonn. The EEC delegation in Washington released a summary of the statement M Delors was to make to a closed session of the Senate Finance Committee.

M Delors' blunt comments about U.S. economic policy will not be well received in some quarters of the Reagan Administration where he is viewed with suspicion. This was underlined by an editorial in yesterday's Wall Street Journal which attacked Europe's "brutal social welfare and unemployment system that has kept millions in purgatory without prospects for employment."

In comments which would appear to raise the curtain on the debate on economic policy expected at the Bonn summit, M Delors said that "nothing could be more misleading and more questionable" than U.S. suggestions that "the problem of European economies would be solved if the U.S. 'cure' was adopted."

Europe, he said, cannot afford the fiscal boost which has led to the strong U.S. recovery since 1982. Even if it could "the consequences on interest rates . . . would be intolerable . . . a pure supply side shock would be simply impossible because values, attitudes and social structures are fundamentally different in Europe."

M Delors said the strong rise in the value of the dollar on the foreign exchanges illsutrates the "fundamental malfunctioning of the present international monetary and trade system." He warned that the downward correction in the value of the dollar could "feed protectionist reactions" in other countries.

Orders for U.S. durable goods fall by 2.3%

BY OUR WASHINGTON STAFF

ORDERS for durable goods in the U.S. fell sharply in March for the second consecutive month, partly as a result of weakening demand in the computer and car industries, the Commerce Department reported yesterday.

The decline of 2.3 per cent in orders for durable goods in March, following the 2.5 per cent fall in February, will worry economists concerned about the weakness of the manufacturing sector in the face of the competitive pressure from imports.

Separately, the U.S. Government reported that consumer prices last month rose at a seasonally adjusted rate of 0.5 per cent, the biggest increase for a year. Petrol prices and medical care fees contributed significantly to the increase.

The rise in medical fees reflected the expiry of a one-year moratorium on health care costs agreed to by doctors.

There have been hopes that sales of computer equipment, one of the strongest sectors of capital spending in the economic recovery, would bounce back from first quarter weakness. But the strength of any recovery is being thrown into doubt.

On the brighter side, new orders for non-defence capital goods, which jumped by 25 per cent in February

Brazilians rally round new leader

By Andrew Whitley in Brasilia

POLITICIANS and businessmen throughout Brazil yesterday publicly rallied around President Jose Sarney, the country's new leader, in an impressive display of national solidarity.

Strikes by many of the labour unions were abandoned as workers and managers alike joined in a national outpouring of grief for Sr Tancredo Neves, who died on Sunday after a 38-day illness.

Amid uncertainty over the political direction Brazil will take, leaders of the Democratic Alliance said their two-party ruling coalition was still viable. But one prominent state governor, Sr Jose Richa, of Parana, warned implicitly that the President would have to share some of his power with the governors and other politicians.

Tens of thousands of Brazilians, in Brasilia and Belo Horizonte, state capital of Sr Neves' native Minas Gerais, turned out yesterday to pay their last respects to the veteran politician who had failed by a few hours to take office as president.

In the morning, as Sr Neves' body lay in state in the white marble presidential palace, a moving funeral mass accompanied by full military honours was performed. Outside a single bell tolled and a 21-gun salute was fired.

Accompanying the mourners in the capital were scores of foreign dignitaries, including Baroness Young, the UK Foreign Office Minister of State, Mr Malcolm Baldrige, the U.S. Commerce Secretary, and half a dozen Latin American heads of state. Conspicuous among the absentees was General Joao Figueiredo, Sr Neves' discredited predecessor.

The late President-elect will be buried privately today in his small home town of Sao Joao del Rei after another overnight halt, this time in Belo Horizonte.

Although there was no official confimation yesterday, negotiations with a visiting team from the International Monetary Fund, due to resume next Monday, are understood to have been put off by a week.

Michael Reddish reports on the growing economic problems of the Netherlands Antilles

Desert island dream turns into nightmare

VITAL TALKS on the future of the Netherlands Antilles begin in Caracas today between representatives of the islands, the Netherlands Government and the Venezuelan Government.

Until recently, the Netherlands Antilles were a haven of peace and prosperity in a Caribbean dogged by poverty and rising social tensions.

The oil refineries of Curacao and Aruba made dollars grow in abundance on desert islands, where even the beer is brewed from distilled sea water.

Offshore banking, tourism and generous Dutch aid also contributed to the $6,200 (£4,800) per capita income of this sefl-governing federation.

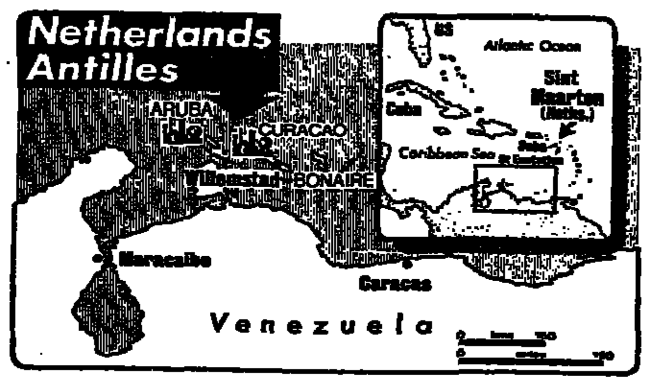
But over the past two years, these pillars of prosperity have crumbled and the Netherlands Antilles' fairy tale of success has turned into a nightmare.

Today the six islands face economic ruin and political disintegration as the Netherlands continues to push them towards an independence which seems less viable by the day.

The problems began with Venezuela's devaluation in February 1983, which dried up a flood of free-spending Venezuelan tourists to Curacao, and to a lesser extent, Aruba.

These two islands lie within sight of Venezuela's west coast. During the oil boom of the 1970s, their casinos and shopping centres were a favourite playground of the Venezuelan middle classes.

But after the devaluation, the number of Venezuelans visiting Curacao fell 75 per cent and the island's state-owned hotels moved heavily into the red.



The next blow came in September 1984, with Washington's repeal of a 30 per cent withholding tax on U.S. companies selling bonds to overseas investors.

This made redundant the "Antillean window" which U.S. companies had previously used to avoid payment of the tax. Curacao was suddenly deprived of its main source of income.

The island had developed a flourishing offshore banking sector on the strength of a 1963 tax treaty with the U.S., which waived the withholding tax on bonds issued through U.S. subsidiary companies in the Netherlands Antilles.

Income from the offshore sector reached a peak of $181m last year, when it accounted for nearly half Curacao's total government revenues.

And since the repeal of the U.S. withholding tax does not apply to bonds already issued, the island will continue to receive bond revenues for another four to five years.

Offshore revenue is even projected to rise by $200m in 1985 as loan portfolios are squared off, but it will decline rapidly thereafter.

The final crunch came last October, when Exxon announced the closure of its 420,000 barrels a day (b/d) refinery on Aruba.

Low throughput, antiquated machinery and weak international oil prices were blamed for a 1984 loss or over $50m, which determined its shutdown.

Within weeks, Shell threatened to close its own loss-making refinery in Curacao unless the island Government agreed to a number of stiff conditions.

These are still under discussion, but officials are generally hopeful of saving the 320,000 b/d refinery, which is more modern than Aruba's.

They are also counting on the Dutch Government to put pressure on Shell through its shareholding in the company.

Meanwhile, the shutdown of Aruba's refinery has brought catastrophe to this island of 67,000 people, which is due to withdraw from the Netherlands Antilles on January 1 1986, as a first move towards full independence in 1996.

Aruba decided to go it alone due to widespread resentment at Curacao's dominant role in the federation, but without the refinery, this arid island has only tourism to fall back on.

Fortunately tourism is flourishing, thanks to Aruba's strong influx of U.S. visitors, which has more than compensated for the decline from Venezuela.

But the Exxon refinery's closure last month has deprived the island Government of 40 per cent of its regular income and although tourism can generate jobs and foreign exchange, it cannot replace this loss.

Unemployment has shot up from 14 per cent to about 40 per cent within months and the island's gross domestic product is projected to fall by 35 to 45 per cent this year alone.

Aruba's political leader, Mr Betico Croes, says about 2,000 people will emigrate to escape poverty and, according to the Netherlands Antilles Central Bank, about $20m capital has fled the island since the closure was announced.

"It's a disaster," said one despairing Central Bank official. "There is no other word for it."

"Our problem is that we have developed a standard of living here in Aruba which was artificially high and we have to reduce it," said Mr Croes, whose Government is trying to negotiate a 20 per cent pay cut with the civil service.

Like many Arubans, Mr Croes is optimistic that the island's economy will pick up in three to five years, providing tourism is expanded and new industries are attracted.

In Curacao, which is home to 150,000 of the Netherlands Antilles' 250,000 population, the island Government is also considering pay cuts as part of contingency plans to cope with a sharp fall in revenue.

Other moves being planned are the elimination of subsidies to ailing sectors of the economy and a revamping of foreign investment laws

In particular, the Government is looking for high-tech industries which could take advantage of Curacao's skilled labour force, yet withstand its relatively high wages.

The Dutch Government is considering emergency budget support for Aruba, but has stressed that overall aid to the Antilles will not rise above the present level of $80m a year.

Meanwhile, the Antilles of the five — Curacao, Bonaire, St Maarten, Saba and St Eustatius — have yet to reach agreement on what links they will retain with Aruba or how they will finance the federal budget after its departure.

One fear is that if Curacao becomes submerged in an economic crisis which threatens its stability, St Maarten, Saba and St Eustatius—a trio of tiny islands east of Puerto Rico—may opt out like Aruba and seek direct links with the Netherlands.

Mexican state's police sacked

BY DAVID GARDNER IN MEXICO CITY

MEXICAN AUTHORITIES have sacked an entire police force for corruption and abuse of authority in the latest of a series of developments here which show that the dividing line between cops and robbers is often so thin as to be invisible.

The governor of the state of Morelos, which borders Mexico City to the south, on Monday disbanded the Judicial Police in his state. These police are the country's main detective force at federal and stat level.

The move, affecting, it is thought, some 120 officers, followed what local press reports described as "numerous complaints about their arbitrary, despotic and corrupt behaviour."

The move is a further blow to the prestige of the almost universally reviled Mexican police forces, coming on top of recent charges against several senior officers for complicity in Mexico's booming drugs traffic.

Dissatisfaction with the police runs throughout Mexican society, but hte sheer size of the corruption problem has led the Government to try to tackle it piecemeal up to now.

President Miguel de la Madrid, in a speech to the country's police academy last July, said Mexico could not be considered under the rule of the law until practices like extortion and torture were rooted out from police ranks.

Not long afterwards the Mexico City police chief astounded residents of the capital by suggesting in a statement to a congressional committee that they would do better to try to protect themselves. The point was dramatically underlined late last year when the former head of the feared, and now disbanded, elite paramilitary police unit was arrested for a string of major bank robberies.

Pentagon cancels military group's trip to Moscow

THE PENTAGON has cancelled a visit to Moscow by a military delegation in what appears to be the latest move in a growing U.S.-Soviet dispute over the fatal shooting in East Germany last month of an American army major, Reuter reports from Washington.

The Pentagon said that the visit by 15 senior military officers studying at the service school of the National War College at Fort McNair, near Washington, had been called off. The trip was to have begun last Saturday.

The announcement came as the Soviet Union, in a statement issued by its embassy in Washington, denied it had made a pledge to the Reagan Administration to renounce the use of force against what Moscow has called "spies" in East Germany.

A Soviet sentry last month shot and killed Major Arthur Nicholson, who was on a routine military liaison mission in East Germany.

Last week, the U.S. State Department said the Kremlin had pledged, at a meeting between U.S. and Soviet officials in Potsdam, East Germany, on April 12, not to use force or weapons against liaison officers in the future.

South Africa: crab-like reform linked to repression

Anthony Robinson reports from Johannesburg on a hectic week in South African politics both at home and abroad

SELDOM HAS former British Prime Minister Harold Wilson's dictum that a week is a long time in politics been so forcefully underlined than last week in South Africa. In the space of five working days, South African troops were withdrawn from Angola, a new interim government was authorised in Namibia, the New Zealand rugby union announced they would brave their Government's opposition and the threat of demonstrations by anti-apartheid groups to tour South Africa and, in Washington, Mr George Shultz, the Secretary of State, reaffirmed America's commitment to constructive engagement, its policy designed to encourage reform in South Africa rather than punish apartheid.

On the home front, the kaleidoscope was shaken up even more as the Government began a hectic week by abolishing the 1949 Mixed Marriages Act and Article 16 of the Immorality Act, which outlawed both marriage and sexual relations across the colour line.

The dust had hardly settled on that deeply controversial issue when President P. W. Botha stood up in Parliament on Friday to combine a fierce attack on the multiracial, anti-apartheid United Democratic Front (UDF) with four proposals for improving the lot of black Africans and for involving them in policy-making.

President Botha's latest offerings to the unenfranchised black majority were essentially refinements of proposals for improved property rights and political representation for urban blacks made in his speech opening Parliament at the end of January. For the first time, however, he stated clearly that urban blacks now enjoying 99-year leasehold rights could in future own their property freehold.

He went on to hint at future moves to give dual citizenship to homeland blacks by saying that "the loss of South African citizenship is not the necessary consequence of the independence of homelands"—*as it has* been hitherto.

President Botha made two further proposals to woo "moderate" blacks—but not the banned African National Congress (ANC) or the declaredly non-violent and multi-racial UDF—into participation in local and national politics (but outside Parliament):

● To establish vaguely defined "black authorities above local level with much more power;"

● To throw open the present cabinet committee on black constitutional affairs to leaders from other parties.

This offer has been taken up with alacrity by the leader of the white opposition Progressive Party (PFP) and small New Republic Party (NRP), but contemptuously refused by Dr Andries Treurnicht, leader of the right-wing Conservative Party (CP), who rejects any watering-down of the original apartheid policies of separate racial development.

To judge by the reaction from most black organisations, the President's further instalments of "reform" were outweighed by the virulence of his accompanying attack on the UDF as "an internal extension of the ANC and the Communist Party."

It was hardly a typical week and yet the key elements—interaction between domestic affairs and foreign involvement, and crab-like reform coupled with repression—accurately reflect in microcosm the pitfalls and traumas facing the Government and country in the painful search for a new modus videndi.

Machiavelli warned of the problems facing a prince who embarked upon changes which unsettled those benefiting from the existing situation while provoking scepticism or unrealistic aspirations among those reform is designed to help. His words are now being echoed by harrassed government ministers who face two crucial by-elections on May 1.

These will provide the white electorate with their first chance to pronounce on the Government's recent actions and what President Botha described on Friday as "a dramatic escalation of the revolutionary climate" among the black majority.

A parliamentary by-election takes place in the Port Elizabeth constituency of Newton Park, where the parlous state of the local economy—especially the motor industry — risks being overtaken as a key factor by white reaction to the continuing unrest in the neighbouring black townships. A white backlash could put paid to the opposition Progressive Federal Party's hopes of winning the seat from the ruling Nationalist Party. The worst outcome for the Government would be a victory for the right-wing Conservative Party. The Conservatives have not been strong in Newton Park in the past, but this time they have the advantage of an independent National Party candidate to help to split the National Party vote, as well as the yet-unknown size of the expected white backlash.

It is in Harrismith, however, a traditional National Party stronghold in the lee of the Drakensberg mountains in the Orange Free State, where the Government faces its most direct challenge in a two-way contest with the Conservatives at a provincial council level.

It is here that the Government faces the most severe test of its courage in scrapping the mixed marriage and sex laws, proposing a forum for black participation in policy making, recognising a permanent black presence in "white South Africa" and offering blacks both freehold rights and an as-yet-undefined form of dual South African and homeland citizenship.

A symbol of Orange Free State attitudes is the statute which forbids Asians to reside there longer than 72 hours. The Government is under pressure from Indians and Coloureds in the new Parliament to abolish all discriminatory legislation of this kind.

The Conservatives, however, stand firmly for the maintenance of apartheid laws and racial segregation. They opposed the new constitution, and claim that the unrest which has swept the country in recent months is a direct consequence of the "reform" course embarked upon by the Government.

Chips, Chaps, Chats and now Shift

By Chris Sherwell in Singapore

CHIPS, Chaps and Chats, a family trio in the financial centres of New York, London and Hong Kong, are being joined from today by a new brother in Singapore. His name is Shift, and he'll be doing the same job as them: shifting money.

All four are sophisticated computer systems handling banks' transactions with each other electronically. The names Chips, Chaps and Chats are acronyms, playing on words like Clearing House, Interbank, Automated, Payment, Transfer and System; Shift (meaning System for Handling Interbank Funds Transfer) is no different.

Under the system, banks in Singapore will no longer settle their daily accounts with each other through a manual arrangement operated by the Monetary Authority (Mas), the island state's bank regulating agency, but instantly by computer instead.

Shift is thus seen as a milestone in Singapore's development as a modern financial centre, and a major step towards the creation of a "cashless society." This is a key Government objective, and no less a person than Mr Joe Pillay, managing director of the Mas, will inaugurate the system today before it goes live tomorrow.

A total of 103 banks are members of the scheme, making it second in scale to New York, which has an estimated 130 direct participants. Another 35 Singapore banks and institutions will "piggy-back" the system by tieing in with banks directly linked to Shift.

The Singapore system employs Tandem hardware worth US$1m for the central computer and Texas Instruments microcomputers in the banks. It has been set up by Banking Computer Services, a joint venture between the Hongkong and Shanghai Banking Corporation and the local Oversea-Chinese Banking Corporation.

The group will charge 80 Singapore cents (28p) per transaction and a monthly fee ranging up to S$250 depending on the margin by which the total daily volume of transactions fails to exceed 4,500. Some banks with low volumes have baulked at the fees and, more particularly, the cost of the microcomputers, which is why the piggy-back system was introduced.

Shift represents a major addition to Singapore's other recently- created automated clearing systems, and will soon embrace them—a cheque clearing facility begun in August 1982, and an Interbank Giro system for the payment of utility and other bills, which was introduced a year ago.

But the biggest step to a cashless society in Singapore is yet to come—an EFTPOS system (Electronic Funds Transfer at Point of Sale), which allows customers paying for goods in a shop to transfer funds instantly from their account to the retailer's account.

Army called in as 15 die in Indian riots

BY JOHN ELLIOTT IN NEW DELHI

MORE THAN 15 people were killed yesterday in the Western Indian state of Gujarat in riots over privileges promised to members of India's lowest castes which have caused a total of 53 deaths in the past two months.

Violence continued despite the presence of the Indian Army which briefly took over street patrolling on Monday night from police who had abandoned their posts in the state capital of Ahmedabad.

In the Indian Parliament yesterday, Mr S. B. Chavan, the Home Minister, admitted that policemen had indulged in acts of arson and had damaged private property.

Reports said that after hearing news of a police constable being hacked to death, policemen beat up people, smashed car and shop windows, and set buildings on fire.

The troubles pose Mr Rajiv Gandhi, the Prime Minister, with his most serious fresh outbreak of communal tension since he took office last November. They do not have such serious implications for national security and stability as the continuing Sikh unrest in the Punjab. But they do illustrate the deep and potentially violent tensions that spring from India's deeply embedded caste system.

They also illustrate the unreliability of the Indian police force and the problems faced by the Indian Government which has increasingly had to rely on the army to restore law and order in the past year.

The Indian Parliament was told yesterday that the army was called out to deal with law and order problems on 95 separate occasions in the past year compared with only five occasions in 1983-84.

The unrest in Gujarat stems from a national policy of reserving a certain percentage of educational places, government jobs, and other facilities for India's lowest and poorest castes —the scheduled castes and scheduled tribes who together make up about 23 per cent of the population.

A higher group, called backward classes, who account for 52 per cent of the population, have been claiming comparable reservation preference for many years. These groups—such as the agricultural Jat caste from northern India—have done well economically in recent years but now feel they are losing out because they do not have the educational and public employment preferences of the scheduled groups.

Various states in India have been considering expanding the scope of their reserved groups. In order to win favour in India's recent elections, the ruling Congress I Government of Gujarat announced that it was to embrace a large number of the restive backward classes by boosting the percentage covered by the reservation policy from 31 per cent to 49 per cent.

This led to outbreaks of unrest in February, led by students and other members of higher castes

China urges Soviet concession

BY MARK BAKER IN PEKING

CHINA has told the Soviet Union that it must take action if there is to be a major improvement in their relations.

The Chinese statement came at the end of the sixth round of Sino-Soviet talks in Moscow, which appear to have failed to achieve a breakthrough on the key differences between the two countries.

But in a joint communique the two sides declared the wish to continue the gradual rebuilding of their relations and agreed to hold further talks in October.

During a meeting on Monday with Mr Andrei Gromyko, the Soviet Foreign Minister, the chief Chinese negotiator, Vice Foreign Minister Qian Qichen, said Chinese leaders "earnestly hoped" to improve and develop relations with Moscow.

"But China has to be concerned with its own security," Qian said, according to yesterday's "People's Daily."

"The Chinese side has noted that the Soviet side has expressed their willingness to have a major improvement in relations between the two countries and we hope that the Soviet side will take some actiton."

China has listed the Soviet military build-up along their border as one of the three obstacles to a restoration of normal relations. The others are Soviet support for the Vietnamese invasion of Kampuchea and the occupation of Afghanistan.

The Soviet news agency, Tass, said Mr Gromyko told Qian that Moscow was "firmly in favour of an improvement" in relations with Peking. But there was no indication of whether he responded to the Chinese call for action.

While China remains optimistic of a progressive improvement in Sino-Soviet contacts under the new Soviet leader, Mr Mikhail Gorbachev, various Chinese leaders have been reiterating the importance of the so-called "three obstacles" in recent days.

Even without a breakthrough on these issues, the Chinese are preparing for a rapid expansion of trade and personnel exchanges in the next few years.

Ghosts of the past at the Bandung talks

BY KIERAN COOKE IN JAKARTA

IN A rather small, dingy conference room in Indonesia today, delegates from more than 70 countries representing two-thirds of the world's population will gather to pay homage to events of 30 years ago.

The 1955 Asia-Africa Conference, held in Bandung, high up in the hills of West Java, is seen as a watershed in post-war politics, with many of the issues discussed then echoing down through the years.

Such political giants of the post-war era as Jawaharlal Nehru of India, Egypt's Gamel Abdul Nasser, and China's Chou En-lai, stirred their audience of 30 years ago as they spoke of the evils of racialism in South Africa, the cause of the Palestinians, economic inequalities and the dangers of war between the superpowers. Most of all, they talked about an end to colonialism. In characteristically fiery language, Indonesia's President Sukarno proclaimed: "Nations, states, have awoken from a sleep of centuries . . . hurricanes of national awakening have swept over the land."

Though the present conference meeting is wider in scope, embracing more countries and some that did not even exist in 1955, it is unlikely to have the same impact as the original. Some commentators have even dismissed the whole affair as a rather expensive public relations exercise by the Indonesian Government. Yet it does have some interesting historical parallels: the 1955 meeting was seen by many as a triumph for Chinese diplomacy and for Chou En-lai in particular. He managed to appease delegates about China's intentions, and reassured the South-east Asian countries that China had no overt political intentions in the region.

China's present Foreign Minister, Wu Xue Qian, will be at today's meeting, the first Chinese official to visit Indonesia since Jakarta broke off diplomatic relations with Peking nearly 20 years ago, after accusing it of being behind a Communist coup attempt.

Indonesia would like to hear Chou En-lai's words repeated, for unlike many other countries, Indonesia still sees China as a threat and is ever-suspicious of Peking's intentions in South-east Asia. There are other issues: the imposing debt problems of many countries will be discussed, as will the Kampuchean problem.

Some survivors of the original conference will be attending. Mr Son Sann—now a guerrilla leader fighting the Vietnamese in Cambodia but, in 1955, head of the country's National Bank —and the Philippines veteran politician, Mr Carlos Romulo, will be in Bandung.

But others of the 1955 generation still alive such as Prince Norodom Sihanouk have been kept away by political differences.

Perhaps the most interesting item about today's event is contained in a little booklet of statistics given to delegates: in 1955 the population of Indonesia was 80m. This has now doubled, China's population has increased by about 80 per cent, and similarly dramatic population increases have been recorded in other participating countries.

The one exception is Kampuchea, which, due mainly to the genocidal policies of the Pol Pot regime in the 1970s, has lost more than a million people.

● Prince Sihanouk has asked to resign as head of Kampuchea's precarious anti-Viet-Vietnamese coalition, foreign diplomats told Reuter in Peking. They said he had written to Khieu Samphan, the Khmer Rouge leader in the coalition, resigning for health reasons.

Meanwhile, Vietnam yesterday made a last-minute decision to attend today's conference.

Israelis set to pull out of eastern Lebanon

By David Lennon in Tel Aviv

ISRAELI TROOPS are poised to abandon the positions which they have held in eastern Lebanon for nearly three years, thus ending their threat to the Syrian capital, Damascus, which has been within range of Israeli artillery.

The army has dismantled and removed its equipment and the soldiers are now awaiting the order to climb into their tanks, personnel carriers and Jeeps to withdraw.

The Israeli evacuation of positions in the Bekaa Valley and the Jebel Baruk mountain range will also remove the danger of an accidental confrontation between Israeli and Syrian troops which have been face to face on the eastern front since the invasion of 1982.

This will mark the completion of the second stage of Israel's three-stage withdrawal which began in February and is due to be completed by the end of May or early June.

There could be a new upsurge of sectarian fighting in the wake of Israeli withdrawal because the retreat will expose the Christians in the town of Jezzine to attack from the Moslem and Druze forces

Israel has armed a large force of Christians in Jezzine in an effort to bolster their ability to resist any attempted takeover by the Shi'ite or Druze population.

The UN force south of the Litani river also reports that the Israelis have removed all heavy equipment from the city of Tyre and the area east of it. this implies that the evacuation of much of the southern sector can also be carried out almost immediately.

After the completion of these two pullbacks, the Israelis will be left in control of a 5- to 10-mile strip north of the border —the future security buffer zone.

Our Middle East Staff add: Christian militiamen yesterday withdrew from their positions overlooking the eastern suburbs of Sidon, giving the city its first quiet day for over three weeks.

Well over 100 people have died during the fighting between the Christian forces and an alliance of Moslem and Palestinian guerrillas.

In Damascus, Mr Rashid Karami, Lebanon's caretaker Prime Minister, held talks with Moslem, Druze and Syrian leaders in an effort to resolve the political crisis caused by Last week's street battles in West Beirut.

Sabah minister

The new Chief Minister of the East Malaysian state of Sabah, Datuk Joseph Pairin Kitingan, was sworn into office Monday night and yesterday named his cabinet, capping a tense power struggle waged since state elections held over the weekend, **AP-DJ reports from Kuala Lumpur.**

S. Korean leader flies to U.S.

BY STEVEN B. BUTLER IN SEOUL

PRESIDENT Chun Doo-Hwan of South Korea leaves for an official visit to Washington today as continuing deadlock between the Government and the opposition prevents the convening of the country's National Assembly.

The opposition, which performed remarkably well in the recent elections, is demanding a prior commitment from the ruling party to push for a release of political prisoners. It also wants the full restoration of political rights to Mr Kim Dae-Jung, South Korea's leading dissident, who returned to Seoul from exile in the U.S. in February.

Mr Kim was freed from confinment at his home in early March, and has worked behind the scenes politically, but he is still barred from the nation's formal political institutions under the terms of a suspended sentence for sedition.

The stubborn position adopted by the opposition appears timed to send a message to the American public that the dramatic opening up of South Korea's domestic political process in recent months has not gone far enough. Pressure from the U.S. Government is widely credited for much of the liberalisation and Mr Ronald Reagan may take up the issue when he meets President Chun tomorrow.

Despite persistent anti-Americanism in South Korea, the meeting will mainly be a formal reaffirmation of the U.S. commitment to the defence of South Korea, where some 40,000 American troops are stationed. The two men last met in Seoul in November 1983.

The meeting between the two, who share a commitment to anti-communism and a strong defence, is likely to be a happy one, despite some clouds on the horizon. "Chun practically regards Reagan as a father figure," said a diplomat.

There are still some prickly issues. The U.S. is unhappy with the $3.6bn trade surplus in Korea's favour last year, and is pushing Korea to reduce import curbs. It wants fewer restrictions on foreign service industries and greater protection for intellectual property.

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Mitsubishi plans U.S. financing company

JAPAN'S Mitsubishi Industrial and Financial Group will set up a finance company in the U.S. next month to help sales of a variety of Japanese products, officials said yesterday, AP-DJ reports from Tokyo.

Officials of the Mitsubishi Corporation trading house, said the company will join with others in the group in setting up the Los Angeles-based company, Mitsubishi Acceptance Corporation, capitalised at $10m (£8.3m).

The other companies taking part are Mitsubishi Motors, Mitsubishi Heavy Industries, Mitsubishi Bank and Mitsubishi Trust and Banking Corporation.

Mitsubishi Corporation will be represented by its U.S. subsidiary, Mitsubishi International, which officials said will own 80 per cent of the finance company.

The Mitsubishi group has already received clearance from the Japanese Finance Ministry for the project.

In initial stages, Mitsubishi Acceptance will provide financing for sales of construction machinery, forklifts, machine tools and other products manufactured by the members of the group and marketed in the U.S. by Mitsubishi International.

In the first year of business, Mitsubishi Acceptance is expecting to lend about $100m.

Export guarantee scheme launched

BY CHRISTIAN TYLER, TRADE EDITOR

AN EXPORT finance company claiming to provide a new kind of support for short-term sales contracts overseas was launched in London yesterday.

The company, Exfinco, has issued capital of £7.1m subscribed by four shareholders, Electra Investment Trust, Legal and General Assurance, Arab Banking Corporation, and First Pacific Holdings.

A loan agreement signed this week gives Exfinco access to funds of £100m provided by a syndicate of banks.

If it works, Exfinco's operation could hasten the demise of the separate short-term bank guarantee schemes run by the Export Credits Guarantee Department.

The ECGD wants to wind down these schemes because of what officials describe as falling demand and "degenerating quality" of business. However, protests from exporters have delayed a ministerial decision.

The new company is offering to pay exporters insured with the ECGD 100 per cent of the insured value of their goods at the time of shipment.

It would become, in effect, the owner of the goods and joint holder of the insurance policy.

Mr Roger Pilcher, former managing director of the National Westminster's Credit Factoring International, is chief executive of Exfinco.

He said the Swindon-based company would provide an off-balance sheet service for export credit of up to 180 days. Sales could be made in foreign currencies and there would be no cash limit on the individual exporter.

The scheme will be in competition with the banks' own ECGD backed services for small exporters. Mr Pilcher claimed Exfinco would be "very competitive" on the rates it will charge.

The attraction for ECGD, which has been consulted about the new operation, is that, like the banks' schemes it takes a lot of unprofitable administrative work off its books while having little net effect on premium revenues.

About 80 per cent of short-term export is financed by bank overdraft, which Mr Pilcher said was expensive and not always available to smaller exporters.

Large companies preferred to keep short-term trade finance off their balance sheets so as to increase their scope for funding growth, or acquisitions.

Singapore's 'ECGD' has its first deficit

BY CHRIS SHERWELL IN SINGAPORE

THE Export Credit Insurance Corporation of Singapore (ECICS), the island state's equivalent of Britain's ECGD, has reported its first deficit since starting operations in 1976, and officials hope the decline of the past three years is now at an end.

Results for 1984 published last week stand in sharp contrast to the agency's commercial high water mark for 1981, when it recorded a surplus of S$16.5m (£5.8m).

Last year it returned a full deficit of S$9.3m, compared with a 1983 surplus of S$3.8m

The breakdown of the figures tells part of the story. Premium income last year was slashed from S$10.2m to S$2m.

Claims paid out were only slightly lower at S$18.1m (1983 S$20.3m), and claims recovered were down sharply from S$9.1m to S$5.9m. Investment and other income was also cut.

But there is more to it than this. ECICS, half owned by the Singapore Government and half by banks and insurance groups, seems to have had trouble making itself known to local exporters, and even now is estimated to insure only a fraction of Singapore trade.

Exporters themselves apparently remain tradition-bound. A recent ECICS survey of 143 companies found the typical exporter geared to selling just in the region, preferably directly rather than through agents, and promoting his business through personal visits.

He was likely to be ignorant of cheaper financing methods and the advantages conferred by export credit insurance.

Though ECICS, like its counterparts abroad, has also suffered because of the world recession and the global debt problem, it had also underwritten too much short-term third-country risk, a policy halted in mid-1983.

At that time, the relevant proportion of the agency's underwriting capacity was split 40-60 in favour of third country exporters. A 70-30 target was imposed, and achieved last year; indeed, the proportion now is said to be 80-20.

It is the cost of the old policy which is now showing up. Officials say that about three-quarters of the claims paid out last year arose from short-term third-country trade underwritten in the 1981-83 period. The claims picture is expected to improve significantly this year.

Air France signs order for 25 Airbuses

By Michael Donne, Aerospace Correspondent

AIR FRANCE, the French flag airline, has now formally signed the long-awaited contract for its purchase of 25 of the new 150-seat A-320 Airbuses, with an option on another 25. The order was first announced in 1981.

The precise value of the deal is not disclosed (Airbus refused yesterday even to reveal the current price of an A-320), but it is believed to be upwards of $25m (£20.8m) per aircraft, which would make the Air France order currently worth over $625m, excluding spares.

Air France said that four A-320s would be delivered in 1988, with a further six each year between 1989 and 1991, and three in 1992.

The A-320 is now under intensive development among the partner-countries in the Airbus consortium—the UK, France, West Germany and Spain.

● Bankers in Jakarta and London have expressed concern about Bouraq Airlines, a privately-owned Indonesian airline with extensive repayment commitments for British Aerospace 748 commuter aircraft, Kieran Cooke in Jakarta writes.

ECGD officials are understood to have been in talks with Bouraq officials over repayments of $50m for six BAe-748s bought in 1983.

India has doubts on telecommunications accord with Alcatel

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government is considering either cancelling or reducing the size of a major telecommunications collaboration agreement with CIT-Alcatel of France which it provisionally accepted last year for an electronic digital switching factory in the southern Indian city of Bangalore.

It is debating whether to choose an alternative technology or wait for its own Indian digital system called C-Dot, which is now being developed.

Alternatively, it might tell CIT-Alcatel that it only wants to buy French equipment without any technical transfer collaboration.

The Indian doubts have emerged at a sensitive time, following French involvement in India's spy scandal earlier this year. Mr Rajiv Gandhi, the Indian Prime Minister, visits Paris in June to open a Festival of India, and there are indications that neither country wants an embarrassing public row before them.

The Indian telecommunications industry is entering a period of rapid expansion with investment of Rs 120bn (£7.6bn) in the next five years.

But Alcatel is in danger of losing the early lead it established two years ago when it won a controversial $75m contract against international competition, including Siemens of Germany and System X of the UK.

This contract provided for technical transfer and collaboration plus supply equipment for a factory now being completed in Gonda, northern India, to produce 500,000 telephone lines a year.

A smaller factory in Palghat, in the southern state of Kerala, was also included to manufacture 30,000 circuits a year.

In addition, the contract included supply of 23 subscriber exchanges with 200,000 lines made in France, the first of which has just been opened in the commercial capital of Bombay, and 16 French-made transit exchanges.

But the Indians have become dissatisfied with the Gonda project and the Bombay exchange was opened six months behind schedule.

Alcatel was chosen last year to finalise negotiations for a second major factory, similar to the Gonda project, in Bangalore.

Mr Christian Fayard, chairman of Alcatel Thomson of which CIT-Alcatel is part, said in New Delhi yesterday that the value of this work was expected to be FFr 500m (£42m)-FFr 700m, including the supply of a French-made exchange for another 200,000 lines, similar to the first contract.

It now appears that India has not decided whether to go ahead with buying further French-made exchanges and repeating a full Gonda-style collaboration.

In an apparent bid to strengthen its position in India, M Fayard yesterday announced that a company called Alcatel (India) is to be formed—40 per cent owned by the French company.

The remaining 60 per cent will be shared among Indian interests including Mekaster of New Delhi, which represents Alcatel and other foreign companies.

Alcatel is looking for technical and financial collaborations in the country in electronics, telecommunications and space.

EEC delays decision on Japanese typewriters

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is holding back for another two months before making a decision on whether to impose a definitive anti-dumping duty on Japanese electronic typewriters.

But Brother Industries of Japan is already contesting in the European Court of Justice the decision by the Commission to impose on its products a provisional anti-dumping duty of 43.7 per cent.

The provisional anti-dumping duty on Brother and lesser duties on Canon, Sharp, Silver Seiko, Tokyo Electric, Tokyo Juki Industrial and Towa Sankiden was due to expire today. It is being extended for a further two months to permit further investigations by the Commission.

A definitive antildumping duty needs the approval of the EEC Council of Ministers.

Officials in Brussels yesterday denied any link between the extension of the provisional duty and the court case, but acknowledged that the case is complicated and should not be rushed.

Brother, acting on its own behalf and of subsidiaries in Belgium, Denmark, France, Germany, Ireland, the Netherlands and the UK, has filed a 170-page application at the Court, demanding annulment of the duties and damages.

But Brother clearly considered that the matter was not urgent enough to apply for an interim injunction. A final judgment is unlikely before the summer of 1986.

The Japanese company claims in the Court that the Commission has exceeded its power and questions the Commission's calculations of the normal market value of electronic typewriters—the base of the assessment for deciding whether or not there is a dumping margin.

In its original decision, the Commission noted that there were few sales of the typewriters in Japan and that therefore it had had to calculate factory gate prices in order to compare them with export prices.

INDONESIAN DEVELOPMENT

Trouble-shooter who aims to rationalise system

BY KIERAN COOKE IN JAKARTA

THE NAME Ginanjar Kartasasmita is one that both investors in Indonesia and those wishing to win lucrative government contracts had better note down.

At 44, Mr Kartasasmita is the youngest minister in the strongly development-orientated Government of President Suharto and is increasingly seen as a force to be reckoned with in the day-to-day implementation of economic policy in this country of 160m.

Recently, he was made head of the Indoesian Investment Co-ordinating Body (BKPM), charged with attracting and approving both domestic and foreign investment. At the same time, he continues as Junior Minister of Domestic Products, co-ordinator of Indonesia's rapidly expanding countertrade programme, and vice-chairman of the Government's purchasing committee, assessing all government contracts worth more than $500,000 (£416,000).

Japanese educated, Mr Kartasasmita is known for his determined approach to work—an approach which has won him enemies as well as friends in the Indonesian Government hierachy.

At BKPM, Mr Kartasasmita will be performing the role of a trouble shooter after a dramatic downturn in both domestic and foreign investment in Indonesia recently.

In 1983, domestic investments amounted to $7.5bn. Last year, they fell to $2.1bn. Foreign investment showed a similar decline—from $2.5bn in 1983 to just over $1bn in 1984.

While a new tax system and a general downturn in the predominantly oil-based Indonesian economy has been blamed for the fall-off in investment, BKPM has often been accused of being overly bureaucratic and without sufficient co-ordinating power and authority to speed the investment process.

Mr Kartasasmita and his powerful chief, the State Secretary, Mr Sudharmono, have been the architects of an aggressive campaign of cost-cutting in Government contracts and have launched a big push towards the use of domestic suppliers and products.

The state secretariat has, meanwhile, accumulated increasing powers, acting as assessor and clearing house for practically all Government projects.

Mr Kartasasmita has often spoken about the need for more Indonesian participation. He says economic development has been largely carried out by foreign nationals with Indonesians restricted to only assembling products or merely holding a licence.

He points out that in the 1980-83 period, Government procurements on contracts worth more than $500,000 totalled $17.7bn. Imports of goods and services accounted for nearly 70 per cent of that figure.

Under Mr Sudharmono and Mr Kartasasmita, the State Secretariat has instituted a strict system aimed at providing greater opportunity for domestic industry.

Mr Kartasasmita dismisses claims that he is too nationalistic or too protectionist.

"What we ask for are greater opportunities for domestic products," he says.

Mr Kartasasmita denies there is any conflict between his various posts and emphasises the link the Indonesian Government sees between investment and the promotion of domestic products.

"After all, assistance and investment should be aimed at helping the developing countries build up their economies."

He says that by overseeing both contracts and investments, he hopes to rationalise the system.

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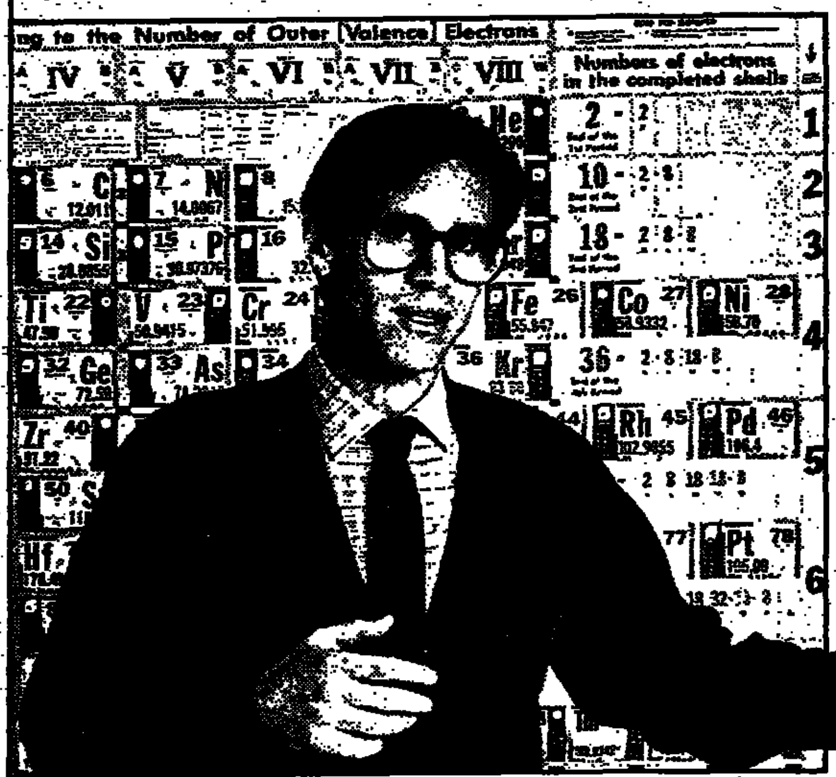

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Electromatic's production workers were offered the same incentives system as salaried workers but rejected it

Motivation, money and measurement

Hilary Barnes examines an unusual salary system at a Danish electronics company

AN UNUSUALLY courteous and friendly reception greets telephone callers to Electromatic, the fast-growing Danish electronics manufacturer. Like all other salaried personnel at the company, the switchboard operator's earnings are directly dependent on group sales—so she has just the same interest in making a good impression on callers as the salesmen do.

Electromatic's sales-related salary system — which excludes production workers, who are hourly-paid — was invented by the company's founder and owner, Mogens Kjeldsen. Called the points-salary (P) system, it is felt by the company to have been highly successful. The best indication of this is perhaps that there have been no salary negotiations with the salaried employees in seven years it has operated.

The sales figures also have a tale to tell. Since the system was introduced annual sales have increased seven-fold to an estimated DKr 350m (£25.3m) for 1984, while sales per employee have trebled over the same period to DKr 600,000. The number of employees has risen from 250 to 600.

Kjeldsen founded Electromatic in 1956. Now aged 52, he has had no formal education since leaving school at 14, but has been able successfully to exploit a natural aptitude for electrical engineering. His company specialises in the production of a range of equipment for industrial control purposes, monitoring, counting and measuring.

Kjeldsen's first range of products was built on the principle that all electronic control systems, irrespective of size or use, can be built up from a range of standardised plug-in modules (he was struck by the possibilities of controlling industrial plant in such a way when inspecting controls of aircraft during a spell of national service in the Danish Air Force).

A strength of this approach, he believes, is that customers start with an Electromatic control system and must either continue to add new Electromatic modules or invest in a completely new system. The company's home market today accounts for only a fifth of sales; 80 per cent is exported. It has 13 sales subsidiaries in Canada and the U.S., the Nordic countries and the major EEC countries.

Kjeldsen's P-system is an attempt to put the group's basic philosophy into practice. This is summed up under five headings: decentralisation; insistence on quality; insistence on the necessity for change; the principle that every employee is and must feel important to the firm; and the principle that every employee should be conversant with the company, its aims and how it intends to achieve them.

The P-system is made possible at Electromatic because the return to the shareholders —Kjeldsen and his family—is not the primary criterion of success. Organisationally, the compay consists of a holding company, comprising the group management functions, and separate companies for each production division and for sales in Denmark and each of the companies abroad.

In each case, 10 per cent of sales are allocated as profit (before tax). Production companies allocate 40 per cent of the balance of revenue for production costs, 35 per cent for wages and 15 per cent for overheads. Sales companies allocate 70 per cent for the purchase of goods to be sold, 10.6 per cent for wages and the remainder for other costs. A key feature is that, as 10 per cent is always allocated as profits, sales cannot be generated at the expense of profits.

Though production workers have been offered the same terms as salaried personnel, they have rejected it. So they are paid according to a standard hourly wage, plus piece rates system.

Every salaried job is rated on a points scale, calculated on the basis of the job's importance for sales. The switchboard operator may have 15-20 points; the marketing manager 60 points. The proportion of the salary paid as fixed salary and as sales-related bonus varies. The fixed proportion is about a third for the switchboard girl and less than 10 per cent for senior management.

Everyone receives a fixed monthly salary paid on account. According to Per Ebstrup, the managing director, this is typically 80 per cent of the salary justified by the budget for the coming year.

Twice a year, each person's true salary is calculated from the fixed percentage of total sales revenue divided by the aggregate number of points for all personnel, multiplied by each person's individual points.

Each month total sales and the points aggregate is published, so that everyone can see how their salaries are developing. Salaries are rounded up to the true figure on June 1 and December 1 (less out of regard to the summer holiday and Christmas than because June 11 and December 11 are the days when mortgage payments traditionally fall due—the devil's birthday, as the days are called).

"The system gives everyone in the company a common goal, that of improving sales and, as profits are related to sales, profits as well," says Ebstrup. "It applies to everyone, the salesmen, the secretary preparing export documentation and the development engineers, who can't afford to play professor; they have a direct interest in producing things that will work and sell."

The system facilitates extensive delegation of responsibility. "Divisional managers and managers of subsidiaries are free to decide how to use their money as long as they can return a 10 per cent profit and pay 10.6 per cent in wages," says Ebstrup. "A bigger profit is nothing to boast about. If a manager of a sales subsidiary makes a return of 13 per cent, it means he should have spent more money on promoting the product."

Managers do not have to ask the group management when they want to invest in new machinery (or only for very major investments). "They do not have to run round and collect 13 signatures on a bit of paper if they want to buy a new computer. After all, the manager of the division knows much better than I do whether he needs a new computer," says Ebstrup.

Be that as it may, what happens when sales fall? At the group level it has not yet happened, but in principle the answer is clear. Each division will have a choice; it can either maintain its staff and take a salary cut or reduce staff.

The situation faced a foreign subsidiary, whose sales stagnated while the budget for the following year pointed to a 25 per cent decline. According to Ebstrup, the staff decided to stand together and take the salary consequences (though maternity leave and some part-time working alleviated the situation to some extent), but everything turned out well. Instead of declining by 25 per cent, the staff put in such an effort that sales increased by 25 per cent.

The system appears to have fulfilled its purpose so far, stimulating staff and generating sales and maintaining profits at a sufficiently high level to finance expansion without loss of financial strength—the ratio of equity capital to assets in the latest financial year was 35 per cent.

BIM salary survey

Big business fights shy of bonuses

BY MICHAEL DIXON

PAY AND PERKS OF BRITISH DIRECTORS AND MANAGERS IN 1984

	Average gross salary £	% in receipt of bonus	Average bonus received £	% receiving: Share option	Company car	Free petrol	6 weeks+ holiday
Chief executive	47,947	46	6,934	39	97	52	21
Departmental director	33,403	41	5,160	45	99	56	19
Top rank below director	26,603	40	2,498	41	95	44	17
Deputy head of function	19,167	38	1,449	39	70	26	12
Bottom rank above foreman	12,505	51	1,007	37	30	9	10

POLITICIANS and other pundits who talk of Britain's workforce as divided simply between management and shopfloor are evidently fast becoming out of date. While managers as a whole are at last gaining instead of losing ground in the pay stakes by comparison with lower-ranked workers, there are widening differences between the conditions of managerial life in big companies on the one hand and smaller businesses on the other.

Taking executives as a whole, the British Institute of Management's latest pay survey published yesterday shows that they have jumped ahead of their shopfloor counterparts as a result of improved profitability. On average, managers above foreman-rank ended 1984 about 5.1 per cent better off in real terms than they were 12 months before. The corresponding rise for men manual workers was 2.8 per cent.

But the overall gain for managers in general disguises what seems to be an increasing difference between the strategies which big and small companies adopt in handing over the extra money to their executives.

The tendency of larger concerns is to raise managers' basic salaries. Smaller businesses appear more inclined to pay the extra in incentive bonuses and so avoid giving executives the expectation that their higher rewards will be maintained despite a decline in their company's performance.

In the small companies which have continuously taken part in the British Institute of Management's annual surveys, the proportion of directors and managers above foreman - rank receiving bonuses rose from 41.9 per cent in 1983 to 52.6 per cent at the end of last year. Across the full range of companies of all sizes covered by the BIM's studies, the proportion of the executives getting bonuses rose over the same period from 38.6 to 43.4 per cent.

Besides tending to have more of their total pay tied to company results, executives in small businesses also appear to retire later than their big-company counterparts. In concerns with annual sales of £500m-plus, only 39.6 per cent of men directors and 61.4 per cent of male managers are expected to work until they are at least 65. The same applies to 81.5 per cent of the directors and 97.7 per cent of the other managers in companies with turnovers of under £20m.

In these smallest companies in turnover terms, the average gross salary for chief executives at January 1 this year was about £30,833—up 9.9 per cent on the figure 12 months earlier. The average of the lowest paid manager above foreman in the same companies was £10,790—a 6.9 per cent increase over the year. The salary differential enjoyed by the chief executive over the lowest paid manager on average was therefore 186 per cent.

By contrast, in the companies with £500m-plus turnover the chief executive had a corresponding differential of 564 per cent. The lowest managerial salary was £13,976 gross—a rise of 9.2 per cent over the year. The average chief executive's salary was £92,830—13.7 per cent up on the figure 12 months previously.

In the £200m-£500m turnover bracket, chief executives had an average gross salary of £58,441 — up 9.9 per cent on the year before and 386 per cent higher than the lowest salary of £12,019. Chiefs of £100m-£200m turnover companies averaged £57,448 — up greatly by 19.6 per cent and representing a differential of 438 per cent over the bottom paid manager with £10,682.

The lowest salary in the £50m-£100m range averaged £12,072 giving a 292 per cent differential to the chief executives at £47,313 which was 14.1 per cent up on the year. Among the companies with sales of £20m-£50m the chiefs had an average salary of £38,043 — up only 3.2 per cent over the 12 months and 266 per cent higher than the £10,387 of their lowest paid managers.

Over the full range of 262 companies employing 16,210 executives covered by the BIM's surveys for the past two years, the overall increases during the period were 11.5 per cent in gross salaries and 11.6 per cent in total money earnings for directors, and 9.6 per cent in salaries and 10.4 per cent in total earnings for the other managers. But the rises varied considerably from one industry to another.

The directors who got the biggest rise in total pay were those in construction with 14.4 per cent, but much of the increase was evidently accounted for by big bonus payments by some of the construction companies studied. Board members in miscellaneous manufacturing industries did next best with 13.4 per cent. Surprisingly, the managers who did least well were those in the high-tech area — technical and scientific, transport and communications companies — with 3.6 per cent.

Top of the league for rises in total earnings for managers below director were groups spanning several industries with an increase of 18.7 per cent. But textiles, leather, clothing and footwear industries acknowledged their upturn from lengthy recession by coming second with 16.9 per cent. Construction matched its top-placed rise for directors by providing the lowest increase for other managers at 6.3 per cent.

Where fringe benefits such as company cars are concerned, the BIM survey report sees no reason to foresee a big resurgence in non-money rewards as a result of the raising of National Insurance contributions for higher paid staff. But the move has nonetheless ensured "that fringe benefits are here to stay as an important part of remuneration policy."

National Management Salary Survey, and Small Business Review. BIM; £110 and £70 respectively or £150 for both. Available from Remuneration Economics, 51 Portland Rd, Kingston upon Thames, Surrey KT1 2SH.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Investment company

Over 30 years ago I formed an investment company as my nominee for one transaction. A profit was made but no tax was payable on the investment and the company has not been active since.

I have treated the money of the company as my own and no tax return has ever been made by the company, which is dormant. Is there any possibility that the money could be treated as a beneficial loan to myself as a director and would it therefore be in order to wind up the company or have it removed from the register as no longer trading?

Please advise with regard to any notional interest liability on myself or the company.

You have not given us sufficient precise facts for a helpful reply. The company's auditors are best placed to advise you, from their background knowledge of the company's affairs (as well as tax rules). From the bare facts outlined, there may well be problems with tax.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

The Star Wars laboratory

BY DAVID FISHLOCK, SCIENCE EDITOR

PRESIDENT REAGAN'S Strategic Defence Initiative could drag a number of advanced technologies along on its coattails.

The methods the Sandia laboratory is developing, for example, could lead to new ways of generating electricity through thermonuclear fusion. The massive pulse of radiation it can generate can be brought to bear on a micro-capsule of nuclear fuel bringing it to the point where a thermonuclear reaction is initiated.

A result could be "laboratory scale" nuclear explosions and so, possibly, a reduction in weapons testing. There is also the possibility of the development of a "death ray," a speed of light weapon 100,000 times faster than a ballistic missile.

"I LEARNT a long time ago that it is a fundamental mistake for any technical person to say 'it is not possible' unless it violates fundamental principles—which is not true here."

The speaker, a senior manager with the Sandia National Laboratories in Albuquerque, New Mexico, was talking of the possibility of waging a speed-of-light war against nuclear missiles. His laboratory plans to build a $70m laboratory to test some of these new beam weapons, born of research into nuclear weapons.

The first round of the U.S.-Soviet arms control talks in Geneva, which ended yesterday, has made it clear that the technology of beam weapons will feature large in further negotiations due to re-start late next month. The Pentagon has just announced it plans to test many aspects of the so-called Star Wars technology. It proposes 15 major experiments under its Strategic Defence Initiative which, it claims, it can do without violating the 1972 ABM treaty between the U.S. and the Soviet Union.

Sandia works closely with both U.S. nuclear weapon design centres — Los Alamos and Lawrence Livermore — on the engineering of the weapons. One of its specialities is ensuring the weapon's own resistance to damage by radiation from other nuclear explosions—to the electromagnetic pulse (EMP) which can knock out its electroncis or even trigger a premature explosion for example.

The strategic defence facility, which Sandia hopes to start next year and be using by 1990, will try to create the kind of hostile environment in which a Star Wars engagement would be fought. It is planned as a three-building complex totalling 246,000 sq ft on the edge of the Albuquerque campus. Another $45m defence engineering laboratory is planned at its Livermore campus in California, where it will build and test prototype nuclear-powered directed energy weapon components.

Planned for the new Albuquerque facility is an array of directed energy techniques deriving from its long-standing research programme in pulsed power under U.S. Department of Energy and U.S. Air Force contracts. Dr Gerold Yonas, former director of pulsed power sciences at Sandia, has been seconded to the headquarters of the Strategic Defence Initiative in Washington, DC. His successor at Sandia is Dr Pace Vandevender, former manager of fusion research.

Close to completion at Sandia is the latest particle beam fusion accelerator, PBFA-II, an awesome structure designed by Dr Yonas to produce 100 terawatts (trillion watts) of pulsed power, and expected to fire its first "shots" next year.

Its precursor, PFBA-I, first operated in 1980 and can deliver 30 per cent of the power of the new generator. Already Sandia's scientists have collected a "rogue's gallery" showing what happens to engineering parts when pulses of power of this order break loose. Tangles of tortured metal and ceramics give some feel for the damage that directed energy weapons might inflict.

The precursor demonstrated that what Dr Yonas calls the "tinkertoy approach" to particle accelerator construction for very high levels of pulsed power actually works. It shows that many accelerator modules can be synchronised and their output pulses combined to drive a common load.

PFBA-II, costing $48m, will use the same modular approach to deliver 3.5 megajoules of energy — equivalent to the energy in a gilogram of high explosive — to its target in 35 nanoseconds. If all goes well, this will suffice to raise a micro-capsule of fusion fuel to "ignition" — the great scientific target of fusion physicists.

It will employ 36 accelerators in a pulsed power driver, which are expected to unleash their energy simultaneously, within a span of only 10 seconds. A year ago, the laboratory announced it had focused an ion beam to the size of a pinhead, using a diode much as one uses a lens to focus light.

The 36 accelerators are arranged radially, like spokes, in a circular tank, 108ft in diameter and 20 ft deep, the sides of which are decorated with murals. It contains 150,000 gallons of transformer oil. The accelerators discharge through a single diode to generate the particle beam. A team of 15 will supervise the countdown to the release of each pulse of power.

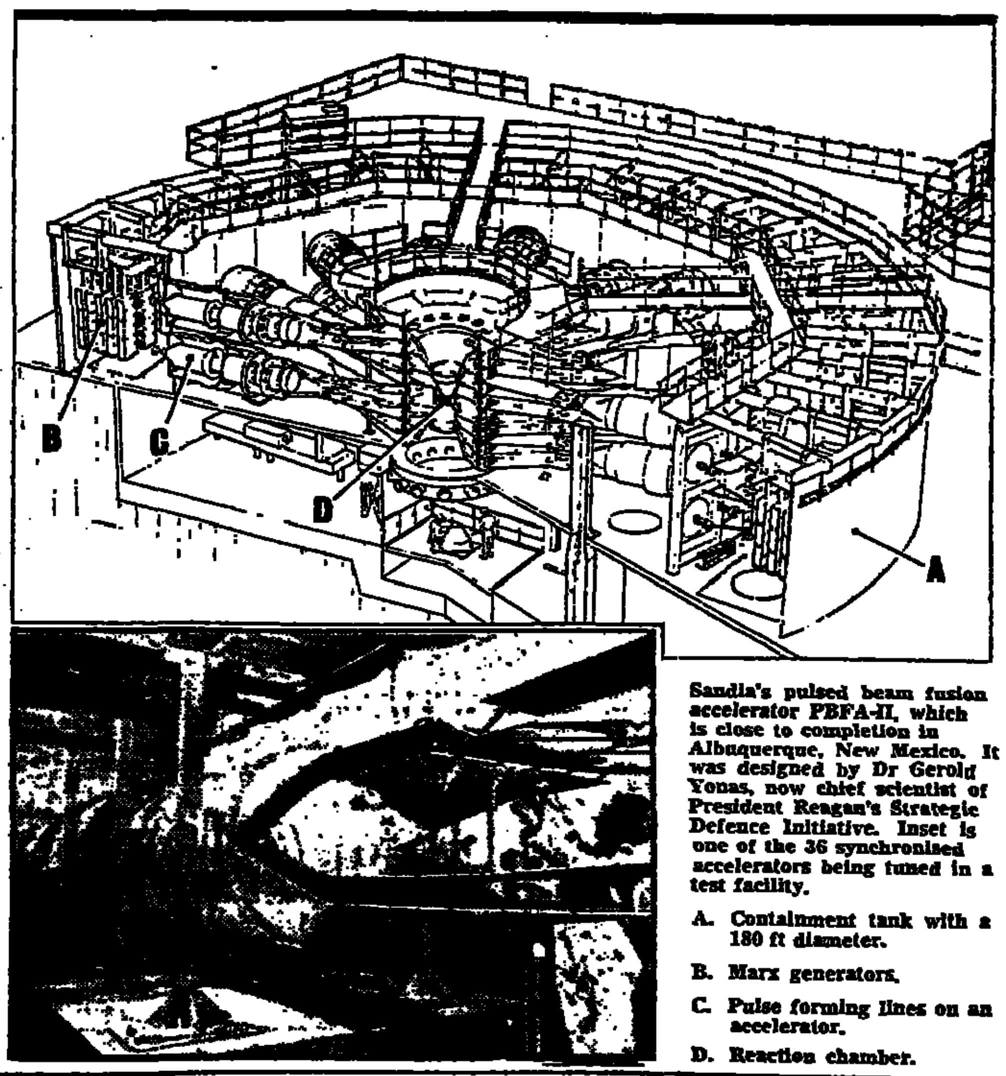
Plans to equip Sandia's new strategic defence facility call for a variety of tools of this kind. One is a 3 terawatt pulsed power generator for use as an X-ray source for pumping X-ray lasers. It will be used to study the physics of power conversion and conditioning for directed energy weapons.

A machine called the Pulselac D plasmoid accelerator—an electron-neutralised ion accelerator—will be used to investigate the production and propagation of "plasmoid." This is charged particles containing equal numbers of negative and positive charges. It will require a 10-megavolt, 100,000 ampere machine.

In addition to beam weapons, the facility will be equipped to test new concepts for kinetic energy projectiles, as part of the development of smart homing interceptors. Kinetic energy ordnance destroys its target by the energy dissipated in a head-on collision between bodies travelling at very high speed.

The launch acceleration Sandia will seek for kinetic energy projectiles will be up to 1m times gravity—or 15 to 50 times greater than an artillery shell. They are looking for projectiles travelling at more than 20,000 mph—faster than ballistic missiles. Electromagnetic propulsion systems are needed to reach such speeds.

Long before President Reagan's famous Star Wars speech two years ago "there was no question that the issue of strategic defence would become a serious matter for research in the defence sector in the mid-1980s and beyond." contends Dr Roger Hagengruber, Sandia's director of systems studies.



Sandia's pulsed beam fusion accelerator PBFA-II, which is close to completion in Albuquerque, New Mexico. It was designed by Dr Gerold Yonas, now chief scientist of President Reagan's Strategic Defence Initiative. Inset is one of the 36 synchronised accelerators being tuned in a test facility.

A. Containment tank with a 180 ft diameter.

B. Marx generators.

C. Pulse forming lines on an accelerator.

D. Reaction chamber.

Glass that is heat reflective

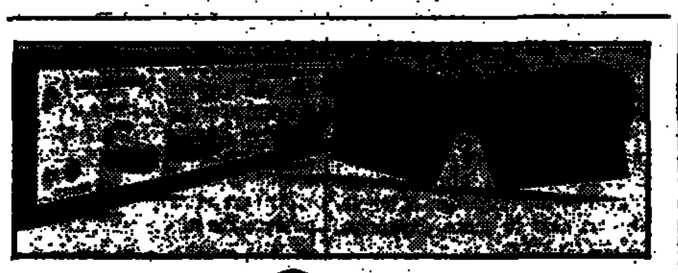
A NOVEL form of glass that reflects heat while transmitting only a little less light than conventional double glazing has been developed by the Ford Motor Company.

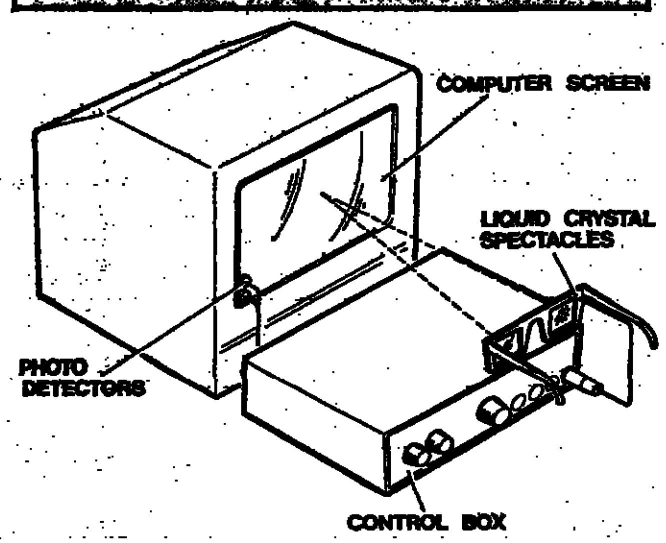
The new glass should reduce home heating and air conditioning costs

It claims the glass will improve the insulation of windows and doors in northern climates by 20 per cent and protect fabrics and furnishings by blocking 40 per cent more of the sun's ultraviolet rays than conventional windows.

Foot note

EMHART CORPORATION, the shoe-making machinery company, has signed an agreement with Computer Design of Grand Rapids to produce a computer-aided design system for styling and manufacturing footwear.





On screen computer images in 3D

BY GEOFFREY CHARLISH

MILLENIUM, a design and development consultancy in Stevenage, has a system that allows on-screen computer-generated images to be viewed in true 3D, using liquid crystal spectacles and a small add-on box.

Six prototype versions are already in use at universities and the company has made its first commercial sale to the Wellcome Foundation for molecular research. Interest has also been shown by Smith, Kline and French.

Although most computer imaging systems—in computer aided design (CAD) for example—can produce perspective views of objects from different viewpoints, they cannot show true visual depth since no stereoscopy is involved.

Millenium is marketing a system that resulted from a need to see molecular structures in 3D at the biophysics department of Leeds University. Such researchers conventionally grapple with physical models of molecules (spheres of various colours connected by rods) because this has been the only way to see how one molecule might interact with another.

Computer-aided design techniques on a flat screen have serious limitations since without true depth in the picture, molecule fitting is difficult.

The Millenium system can be applied to a normal screen and keyboard graphics terminal with simple modifications to the software.

The main requirement is to produce the two views as seen by the human eyes when they are looking at a solid object. At a viewing distance of one metre, those views are displaced by about four degrees from each other due to the average eye separation of about three inches.

Fortunately, most CAD graphics systems can readily be made to rotate their displayed image through the four degrees to give the two viewpoints, but of course, the screen can only show one view at a time.

To allow the eye to see both (and therefore, a stereoscopic view), the Millenium system alternates between one and the other about 50 times a second and the user wears a pair of glasses with liquid crystal lenses that can be shut on and off very rapidly. When the left hand view is on the screen the right hand spectacle lens is opaque, and vice versa.

Synchronisation of pictures and lenses is achieved with an optical link between the screen surface and control box. Left and right hand images are separately marked with symbols in the bottom left of the frame that are read by photodetectors stuck to the screen.

The system costs £1,495 with one pair of spectacles. But up to four people can view and additional pairs cost £195.

Millenium is on 0438 726661.

UK NEWS

Business leaders show more optimism

By Max Wilkinson, Economics Correspondent

BUSINESS leaders have become significantly more optimistic about prospects for the British economy, according to the latest survey by the Institute of Directors, published yesterday. The survey suggested that more than half of businessmen are now more optimistic about general economic prospects than they were six months ago.

The last survey, in February, showed that just over a quarter of businessmen were more optimistic than six months before. Improved optimism shown in the latest survey generally matches the more buoyant outlook shown in the more extensive surveys of industry conducted by the Confederation of British Industry.

Those have suggested that order books and export prospects are improving, and that retailers are expecting further growth in sales, although at a decelerating pace.

Yesterday, however, official figures from the Central Statistical Office showed that consumer spending was unchanged at £36.6bn (1980 prices) in the first quarter of the year compared with the final quarter of 1984.

That reflected an apparent drop in retail sales in January, after a brisk Christmas trade. The level of consumer spending in the first three months of this year is put at 1.6 per cent above the level a year earlier.

The increased optimism of the directors is thought to reflect the recent rise of the pound on the foreign exchanges after the sterling crisis in mid-January. Interest rates were then raised by 4½ percentage points to 14 per cent in defence of the currency.

Television trials in House of Lords may be extended

BY JOHN HUNT

EXPERIMENTAL televising of the House of Lords (upper house) may continue into the late summer and autumn even though the six-month trial period will have been completed.

The Independent Television News and British Broadcasting Corporation (BBC) want to continue with the experiment while the Lords Broadcasting Committee considers its recommendation on televising its proceedings.

There are growing indications that the House of Commons will hold a debate before the summer recess on whether to introduce a separate experiment in its own chamber.

At the moment, however, Mr John Biffen, Leader of the Commons, will go no further than his earlier statement that he hopes to give Members of Parliament (MPs) an opportunity to consider the matter.

The broadcasters are satisfied with the way the experiment has gone in the upper house: audiences of reasonable size and only minor complaints from peers about coverage and editing.

The BBC and ITN are concentrating more on nightly round-ups of debates in 10-15-minute slots. They seem popular with viewers, and peers favour them because they provide a succinct version of the proceedings.

The Lords Broadcasting Committee, under the chairmanship of Lord Aberdare, will be considering the outcome after the recess, which begins at the end of July or beginning of August.

The most likely outcome of the report – to be published in the Autumn – is that the trial, which began in January, has succeeded, but that televising can go ahead on a permanent basis only if the Commons is alike televised.

Televising the Commons will clearly be different and a more expensive affair than the operation in the upper house.

The peers have tolerantly allowed the broadcasters to come in for live debates of their own choosing and to put out short excerpts on a regular basis with no editorial interference. On the whole, that has worked well.

That will not do for the Commons, however. Many MPs will want tighter control. They will probably insist on a Commons broadcasting unit controlling the cameras and having a say in the editing, even though such a scheme bristles with technical and administrative difficulties.

Such demands as those would prove vastly more expensive than the Lords system, which raises the perennial question of who will pay.

Some believe that television would have a sobering effect on some of the more flamboyant characters in the Commons. But, judging from the past behaviour of some of the wilder spirits, that remains doubtful.

Nurses issue threat on pay

By David Brindle

THE ROYAL College of Nursing (RCN) yesterday signalled its intention to mount a potentially damaging long-term campaign against the Government if it fails to honour any award recommended by the Nurses Pay Review Body.

Mr Trevor Clay, general secretary of the 243,000-strong union, which is not affiliated to the Trades Union Congress, said one possibility might be to give members electoral advice which took account of Labour's pledge this week to make up the claimed 20 per cent slippage in nurses' pay.

The implications spread far beyond the profession itself. There is traditionally strong popular support for the nurses' case on pay, particularly since the RCN decided three years ago to forswear industrial action.

Mr Clay said: "The public are basically on the side of nurses. That could have implications for the Government."

The RCN fears that the Government may either ignore the pay review body's findings, and confine any award within the cash limit, or may fail to provide full funding. Mr Kenneth Clarke, Health Minister has told the review body in evidence that any money above 3 per cent would have to be found within the National Health Service.

The union's annual conference at Bournemouth yesterday passed unanimously an emergency resolution demanding that the Goverment cease its moral blackmail of setting nurses' pay against the needs of patients.

Iberian trade 'not to be missed'

BY CHRISTIAN TYLER, TRADE EDITOR

SPAIN and Portugal present a trading opportunity that British business cannot affort to miss, Mr Paul Channon, Trade Minister, said yesterday.

The minister gave a warning that unless companies moved quickly, their European competitors would seize the opportunity afforded when the two countries join the EEC in January.

"It is not political wishful thinking to say that there are significant new opportunities, provided we are quick enough off the mark," he told a business conference organised by the Confederation of British Industry, the employers' body, and the British Overseas Trade Board.

"This is a bus we cannot afford to miss. If we do, there will be plenty of other passengers."

From next year, Spanish import tariffs on EEC goods will gradually be eliminated by 1993, and quotas on most goods will be abolished immediately.

Mr Channon argued that the balance of trade would swing in the UK's favour because, until now, Spain has had preferential access to EEC markets while maintaining a high tariff wall.

Last year, the UK had a trade deficit with both Iberian countries, with exports to Spain at £1.3bn, against imports of £1.7bn, and, with Portugal, £386m against £635m. Trade with Spain has been growing, but UK exports to Portugal have dropped in the last two years, while imports, especially of textiles, have risen sharply.

According to the trade board, the best opportunities are in computers, medical and scientific equipment, telecommunications, security equipment and pollution control.

The removal of import duties would open up the market for domestic electrical equipment, confectionery, do-it-yourself and other household goods.

Direct investment in the country is relatively easy, according to bankers, except in areas such as mining, shipping and publishing, provided foreign currency is used to set up subsidiary companies.

New publisher for ratings list

By Lionel Barber

THE Continental Illinois survey has acquired a new publisher: Extel Financial and Business Services.

The survey publishes annually a league table of analysts as ranked by fund and investment managers. It was first produced 11 years ago by Mr Geoffrey Osmint for the Chicago-based bank, Continental Illinois. But last November, Mr Osmint left Continental Illinois to join County Bank, the merchant banking arm of National Westminster Bank.

That caused an immediate conflict of interest because National Westminster Bank owns a stake in Fielding Newson-Smith, a stockbroker which is likely to appear in the league table.

Mr Osmint, who will continue to produce the survey with Extel, said he was pleased with the new arrangement. "Above all, the relationship assures that the survey's impartiality and integrity can be maintained," he said.

Competition among this style of survey is increasing. Euromoney magazine, Institutional Investor, and the Association of Corporate Treasurers have started their own surveys, while this year The Sunday Times launched its own version with Mori, the opinion poll group.

Profits squeeze hits fruit, vegetable trades

BY ANDREW GOWERS

BRITAIN'S FRUIT and vegetable wholesale trades are suffering from overcapacity and a squeeze on profits which is driving a near-record number of companies out of business, according to a report published yesterday.

The study, commissioned by the National Federation of Fruit and Potato Trades, paints a gloomy picture of the deterioration in wholesale markets since 1950. Companies' net profit margins have been squeezed between then and now from about 2.7 per cent to only 0.37 per cent.

"In these circumstances," it says, "it seems certain that unless prompt, co-operative action is taken, then profit margins will remain depressed for many years to come." It does not detail any specific course of action.

Since 1950, the report says the proportion of produce handled by "primary" wholesale markets such as Covent Garden has declined from about 90 per cent to its present level of less than 60 per cent.

That reflects the growth of sales through supermarkets, which now account for 40 per cent of fresh vegetable and salad sales and 30 per cent of fruit sales; direct sales to consumer at the farm gate; and the development of frozen vegetables.

As a result of the decline, trading costs for each unit of produce have risen. Costs have also been increased by the relocation of wholesale markets to more expensive, modern premises.

With bankruptcies and company liquidations running close to record levels, the fixed costs of market facilities are having to be spread among an ever-decreasing number of companies.

"A study of the trends in the wholesale fruit and vegetable markets since 1950" by Dr P. Davies: price £3 from National Federation of Fruit and Potato Trades Ltd, Market Towers, 1 Nine Elms Lane, London SW8 5NQ.

Commons halted as Labour MPs block Dr Owen

BY OUR PARLIAMENTARY STAFF

THE HOUSE of Commons was suspended yesterday after Labour left-wingers blocked Dr David Owen, leader of the Social Democratic Party (SDP) from delivering a speech from his usual seat in the chamber.

Their move led to angry jostling when Dr Owen strode up to the Opposition despatch box and was elbowed away by Mr John Prescott, Labour's spokesman on employment matters.

Moments later, the Labour front benches again blocked Dr Owen's way with their feet when he made a second attempt to take over the Opposition front bench, amid uproar from both sides of the House.

Ten Labour MPs, mostly left-wingers, occupied the entire front bench below the gangway, where Dr Owen normally sits with one or two of his SDP colleagues, from the start of question time and refused to make way when the time arrived for him to launch a debate on an Alliance motion on trade union ballots.


Dr David Owen

Eventually Dr Owen was allowed to speak from his normal place and to launch an attack on trade-union ballot-rigging. But Employment Secretary Mr Tom King dubbed the scenes "disgraceful," and demonstrating "bully-boy behaviour" by Labour.

The scuffles – one of the most serious incidents in the Commons in recent years – lasted for about half an hour before the 12-minute suspension.

In an angry denunciation of the left-wingers' tactics, Mr King said in his statement: "The scenes in the House of Commons today were disgraceful. The Labour Party deliberately set out to obstruct Dr Owen and prevent him from speaking.

"It was the clearest possible demonstration of the sort of tactics that have done such damage to democracy in trade unions. If ever we needed confirmation of the rightness of giving proper democratic rights to individual union members and the means to defend them from this sort of bully-boy behaviour, the scenes in the Commons said it all."

Mr Brian Sedgemore (Labour) from the SDP benches, told Mr Harold Walker, the deputy speaker: "Under the provisions of the Mental Health Act, you reserve the power to call in a psychiatrist to sort out this matter." Mr Walker did not respond to the invitation.

He said later, however: "Of course it is a universally recognised and observed convention that the despatch boxes are used by ministers to address the House and by the leaders or spokesmen for the official opposition.

"I can only ask the House to observe and sustain the convention, but I have no authority to prevent any member who decides to breach that convention." The SDP/Liberal Alliance later won agreement to an official review of its position and rights in the Commons.

UNIONS BELIEVE DAGENHAM WILL BE CHOSEN TO PRODUCE NEW 2-LITRE RANGE

UK tipped for Ford engine output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD unions are convinced that Dagenham in the UK has been selected in preference to Cologne in West Germany to produce a new "family" of two-litre engines in which the company is investing more than £100m.

Rumours about the project's going to Britain have been so strong that the state government of North Rhine-Westphalia, in which the Cologne plant is situated, and which faces an election next month, has intervened and put together financial aid attractive enough to persuade Ford to change its mind.

Mr Daniel Goeudevert, Ford of Germany chief executive, was called to a meeting with Prof Reimut Hochimsen, state premier, this week to discuss the issue.

However, Ford of Europe yesterday insisted that no decision had yet been made about where the new engine would be produced.

"It could be Cologne, Dagenham, another Ford plant, or even be made by an outside supplier – that might be cheaper, given the excess capacity around Europe." Ford would make up its mind in "a matter of weeks," an official said and pointed out that the new engine family would not be required for four or five years.

Unions suggest, however, that most indications from the suppliers that will provide the engine production-line equipment point towards Dagenham as the chosen facility, with Valencia in Spain having an outside chance.

The new engines will replace existing power units in the Sierra and the Transit van. Space would be readily available at Dagenham, where the present engines are produced, but new buildings would be needed at Valencia.

Ford is already using Dagenham to supply Europe with its 1.6-litre car diesel engine – brought into production at the cost of £140m last year – and the Cologne plant's V6 Granada engine line has also recently been re-tooled and modernised.

Cost of military programmes disclosed

BY LYNTON McLAIN

THE COST of some of Britain's most expensive military equipment programmes has been disclosed for the first time in the House of Commons in a written answer.

Two programmes for which total costs have not been given previously are the JP233 runway and airfield attack bomb, and the Anglo-Italian EH 101 helicopter programme.

The JP 233 programme has a total cost "of the order of £700m," Mr John Lee, under-secretary for defence procurement, told the House.

Hunting Engineering, part of the Hunting Group, is prime contractor for the runway cratering bomb. Hunting manages the project, involving four main sub-contractors, Ferranti, Thorn EMI Electronics, ML Aviation and Royal Ordnance.

About 4,000 people are employed in producing the weapon, which is entering service with the Royal Air Force (RAF).

Hunting Engineering is working on modifications to the JP233 for possible use in the long-range stand-off missile being considered by the U.S., UK and West Germany.

The company is lead contractor in the UK for one of two consortia awarded feasibility studies by the U.S. Department of Defence, on behalf of the three nations.

The total cost of the EH 101 helicopter programme was estimated by Mr Lee at £1.38bn. Westland is in partnership with Agusta of Italy on the helicopter, but Britain and Italy have not committed themselves to full-scale production.

Aerospace component and equipment makers fear that the programme might be cancelled in favour of the NH 90 helicopter programme for members of the North Atlantic Treaty Organisation which is committed to a feasibility study on the NH 90.

The Alarm anti-radiation missile for the RAF is being built by British Aerospace Dynamics group under a contract valued at £300m.

Rolm selects Britain as base for PABX making in Europe

BY JASON CRISP

ROLM, the Californian telecommunications group taken over last year by IBM, is to set up its European head office and a development and manufacturing plant in Britain.

The operations will be at Wootton Bassett, in Wiltshire, where the company is buying a 150-acre site and where it expects to employ 200-300 people. The plant will be responsible for developing products to meet European technical specifications. Rolm has been recruiting for development engineers in Europe who will go to its headquarters in Santa Clara in California to start adapting equipment.

Rolm is one of the most successful companies selling private telephone exchanges (PABXs) in the North American market. Its equipment is also sold in Italy, Japan and Latin America. One of its exchanges is being evaluated in Britain under the Trade and Industry Department's interim approvals scheme. If it passes, the exchange will be sold by IBM.

IBM has been in the European telecommunications market for more than 10 years and was the first company to sell an electronic exchange in the UK. Rolm is responsible for developing telecommunications products for IBM although it will continue to sell the 1750 PABX in Europe.

The British computer services industry increased sales by 20 per cent to £2.1bn last year, according to a new survey by the Trade and Industry Department.

There are about 15,000 companies involved in the industry although the 200 largest account for more than half its sales, the department says. For the first time, the department conducted a sample survey of smaller companies as well as collecting statistics from the larger ones.

Nearly half of the sales came from systems analysis, software and software maintenance. More than one quarter of income came from data processing and database services with the remainder from consultancy, hardware maintenance and training.

The DTI says that about 30 per cent of companies questioned considered manufacturing industry as their prime market and 20 per cent specialised in the distributive trades and financial services.

Mr John Butcher, Industry under-secretary, said: "I am pleased to see that output last year, £2.1bn, satisfactorily complemented the £2.9bn sales of UK manufacturers in the computers and associated data processing equipment industry."

Shipbuilding unions accept 4.7% pay deal

BY BRIAN GROOM, LABOUR STAFF

BRITISH SHIPBUILDERS, the state-owned group, yesterday reached agreement with unions representing its 42,000 workers on a pay deal which will increase the total wage and salary bill by about 4.7 per cent.

In addition, the agreement provides for discussions at local level on new bonus schemes which would allow higher earnings in return for improved performance.

The previous offer was for 3.2 per cent on basic rates plus 1 per cent to iron out wage and salary anomolies at yard level, but BS appears to have responded to union pressure by putting all the money on to basic rates.

Mr Maurice Phelps, BS board member for industrial relations, said: "The deal recognises the need to contain unit costs in order to meet the intense competition which persists in shipbuilding throughout the world, but at the same time rewards the workforce for the substantial improvements which have been made and we are confident will continue to be made."

Sue Cameron writes: Mr Bob Reid, chairman of British Rail (BR), claimed last night that the state-owned group's fight to shake itself free of bureaucracy and muddle was now paying dividends in the form of lower costs and "sharpened management attitudes."

Salary cut for Reckitt chief

By Charles Batchelor

SIR JAMES CLEMINSON, chairman of Reckitt & Colman, the household products and foods group, has taken a large salary cut, the company's annual report has disclosed.

The reduction from £86,500 in 1983 to £37,700 in 1984 reflected the fact that Sir James had reached the company's normal retirement age of 62, the company said. He is, however, to continue to exercise his full responsibilities as chairman.

Sir James's salary reduction goes against the recent trend for sharp increases in directors' salaries, often reflecting improvements in company profits. Reckitt increased pre-tax profits by 20 per cent to £106.4m last year.

Reckitt's chief executive, Mr John West, was paid £109,900 last year, £11,700 more than in 1983.

Contracts and Tenders

Courses

RESOURCES REVIEW

The government in Buenos Aires seems at last to have given foreign companies the broad message that they were hoping for about their role in Argentina's oil industry, writes **Jimmy Burns**

Alfonsin takes a step in the right direction

AFTER MONTHS of administrative confusion and ambiguous policy statements, the Argentine Government appears at last to have given foreign companies the broad message they were hoping for about their role in the country's oil industry.

In a speech in Houston, Texas, last month, President Raul Alfonsin wrapped up his official trip to the U.S., with an unqualified appeal to foreign investors to play a central part in the development of the country's considerable, but largely underexploited, oil reserves.

The message was widely seen as a watershed in the turbulent history of the Argentine oil industry and, in particular, the public policies defended in the past by the ruling Radical Party, of which Sr Alfonsin is the leader.

The first Radical administration (1916-1930) created a powerful state monopoly, Yacimientos Petroliferos Fiscales (YPF), empowered to regulate domestic prices and overall production.

Since then the Radicals, in their intermittent periods of power, have taken a strongly nationalistic line and one particularly aggressive against the major oil companies. So, Sr Alfonsin's sweping victory in the elections of October 1983 left most oil majors worried that the pendulum was again about to swing against them, compared with the largesse exercised during the previous seven years of military rule.

That Sr Alfonsin has defied expectations stems from the President's apparent conviction that nationalist interests lie more in the ends than in the means. For while the Radical rank and file remain suspicious of foreign involvement in the country's economy, the Government has reluctantly accepted that without foreign investment in energy, the Argentine economy will weaken, further undermining Argentina's aspiration to be a regional leader.

"Our party is a passionate defender of the national interest, but that doesn't stop us from being pragmatic on the subject of our energy needs," commented Sr Jorge Papena, Under-Secretary for Energy Planning. This policy also happens to be what the International Monetary Fund would like to see.

Crude facts, painstakingly put together by local energy technocrats like Sr Lapena, seem to have swung the President.

On the surface, Argentina presents a glowing picture of energy self-sufficiency, compared with 25 years ago when 60 per cent of domestic oil consumption was provided by imports. But this overview conceals a dangerous stagnation in the country's oil resources.

Since 1970 Argentina's oil reserves have remained at 390m cubic metres (2.4bn barrels), and in recent years production has only been able to meet domestic needs because of a sharp drop in consumption brought about by recession.

Part of the reason is that during the military regime energy investment was channelled into atomic power, given that the country's National Commission for Nuclear Energy was controlled by the Navy.

Also many of the fields exploited in recent years have not proved as rich as had been hoped — offshore exploration carried out by majors such as Esso, Shell and Total has proved particularly disappointing.

More damaging, however, have been the periodic bottlenecks caused by a lack of clearly defined national investment priorities and constant changes of government.

The poor record on the Argentine energy front was at first aggravated by the Radical Government's decision on taking power in 1983 to reconsider some 20 onshore oil production contracts which had been signed with Foreign and Argentine private companies during the former military regime.

But the subsequent renegotiation of the bulk of these contracts at prices reportedly more favourable to the oil companies than those agreed with the military emerged as the first hint of the Administration's change of heart.

In October last year, President Alfonsin took a further step, aimed at checking the declining investment trend and at offering new hope of improving the country's reserves. He put his seal of approval on a new offshore contract with Royal Dutch Shell, covering a 4,895 square kilometre block off the eastern mouth of the Straits of Magellan. According to the Government the contract is worth $290m, although Shell officials say that the total investment will depend on how much oil, if any, is found.

Having already spent about $200m with little apparent success on three offshore blocks in recent years, Shell is predictably cautious about the prospects. Its initial commiment is to instal two platforms to exploit an estimated 6m-7m cubic metres of recoverable reserves.

Nevertheless, the agreement with the Government came as a welcome boost for a company which in previous months had been at the rough end of nationalist tirades. Of all the companies operating in Argentina, Shell was perhaps the most affected by the Falklands War.

Wild accusations in the local media that Shell had supplied "Argentine" oil to the British forces during the south Atlantic conflict spurred the Government into seeking to exercise greater control on the company's activities. Only after a long process of negotiation did Shell executives manage to convince the Argentine authorities that theirs was a "Dutch concern" — a qualification that allowed the company to be struck off the blacklist of British companies subject to restrictions.

Recent talks involving three other major foreign companies which already had production contracts in Argentina and were also threatening to abandon all future investment have been less politically sensitive, but equally laborious.

The talks involving Amoco, Cities Service, and Total have centred on a mounting pile of overdue payments from YPF and differences as to the proportion of the payments that should be made in dollars.

Delays in settlement of these issues had nearly halted development of major blocks in Mendoza, Chubut, and off the coast of Tierra del Fuego.

Significantly, all three companies announced settlement of their claims prior or during Sr Alfonsin's visit to the U.S., an indication that the apparent U-turn in Government policy was being taken more or less seriously.

The agreements with Amoco and Cities Service are particularly interesting since both U.S. companies were among those who had their contracts annulled by the last Radical Government in 1962.

Amoco's agreement had the greatest psychological impact for it was announced by the company's President, Mr Laurance Fuller after a personal meeting with Sr Alfonsin in Chicago. Amoco will spend $55m in drilling 75 new wells and conducting 85 workovers in the Patagonian block of Cerro Dragon over the next three years. In return the Government will settle debts owed to the company, partly in dollars and partly in dollar-denominated Government bonds and promissory notes maturing over the next few years.

Amoco has settled for a 65/35 peso-to-dollar ration in the payments it receives from YPF for crude oil delivered. This will revert to 40/60 after two years. If the Government is at that point short of hard currency it will consider making part of the payment guaranteed in the form of oil products.

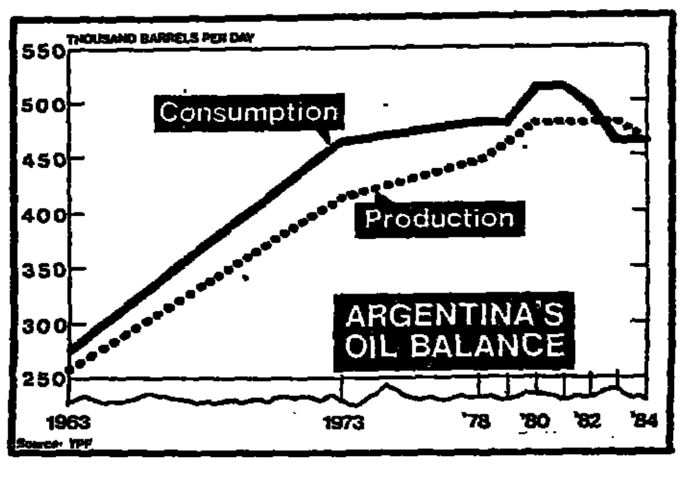
Clearly, such contracts as those signed with Amoco and Shell are a welcome boost for an industry that has seen production declining even in recent months, but they will not in themselves be sufficient to increase Argentina's reserves.

A recent report prepared by the Argentine chamber of oil companies calculates that in order to meet a modest annual growth forecast for energy consumption of 3 per cent Argentina would have to increase its oil reserves by 559m cubic metres by the year 2000, equivalent to 84 per cent of total oil discovered since 1907.

Meanwhile current estimates being privately circulated by local and foreign companies conclude that over $30bn will need to be invested between now and the end of the century if Argentina is to remain self-sufficient and generate exports to coincide with a possible recovery of international oil prices expected in the 1990s.

Until now, the linchpin of the Argentine oil industry has been YPF. The company accounts for 40 per cent of state investment in the energy sector and 70 per cent of oil production. Although foreign companies can explore alone or in partnership with YPF, by law all petroleum extracted has to be sold to YPF for processing or for resale to other refineries.

Nevertheless, if the current stimulus to foreign investment is confirmed, YPF's share of total production might be permitted to fall to about 50 per cent. The company, in effect bankrupt, already finds its funds tightly controlled as part of the Government's attempts to reduce inflation. The Treasury has recently assumed on YPF's behalf foreign debt estimated at more than $5bn but has rejected YPF pressure for higher petrol prices and a larger share of oil tax income for the state company.



Foreign oil company officials have welcomed a recent management reshuffle at YPF as a sign that the company might be following Sr Alfonsin's cue in putting efficiency before politics. YPF's new chairman, Sr Rodolfo Otero, has a proven track record of working in the private sector and is reportedly in favour of liberalising the current contracts involving foreign companies. This may involve abandoning his more nationalist predecessor's plans for joint ventures between YPF and foreign companies based on the "Colombian model." This would have meant the state company taking a majority shareholding in each venture.

Government officials concede that YPF cannot alone assume the bulk of future exploration efforts and that additional major new investments will have to come from the private sector if Argentina is to avoid becoming a net importer of oil again in the next decade.

Some foreign oil companies, including Occidental, Union of California, Esso and Shell, have been taking a keener interest in Argentina recently. But the specific commitments that will be made in the future will depend on the generosity of the risk contracts that are offered. It is generally agreed that those already signed are not quite generous enough, particularly as the Government is yet to define whether future guarantees for payments owed by YPF will be made in crude or refined products.

Moreover, although the country's hydrocarbons law empowers Sr Alfonsin to dictate future oil policy virtually by decree, some foreign companies suspect that he will not run the political risk of totally ignoring the nationalist views of his own ruling Radical party and the opposition Peronists.

"You need more than a speech to restore credibility and you cannot forget that this is an election year (there are mid-term elections in November)," commented one oil executive.

On balance, however, the general view of the private sector is that Sr Alfonsin's Houston speech was at least a step in the right direction.

THE ARTS

Television/Christopher Dunkley

The way history wasn't

Those of us who went to English schools in the 1950s and 1960s might well imagine that the history of the British Empire consisted of lots of our chaps going out to godless places where people dressed in feathers and loincloths, and providing them with roads and railways, British education, British law and a Christian church.

And if your view of Dickensian England depended upon Hollywood and popular illustration, you might imagine that candles and firelight were a charming idiosyncrasy used to enhance concealed electric lighting, that landscapes only ever contained single stagecoaches, and that life, except for a few dramatic unfortunates, was slow, quiet, pleasant and comfortable.

Two series currently being transmitted provide vivid and fascinating alternatives to those fixed views. They also emphasise yet again the point made so often in this column: that the proportion of excellent material on British television is very impressive. It is the sort of television represented by *End Of Empire* on Channel 4, and *Bleak House* on BBC2 which will no doubt need to be championed and protected as we move closer to a free market in broadcasting.

Charlie Drake, the comedian, who enters the cast of Bleak House tonight in a rare "straight" role as Smallweed

End Of Empire is made to a formula with which we have become familiar in such series as *The World At War* and *All Our Working Lives*: it combines archive material, predominantly cinema newsreels, with interviews specially shot for the series. There has never been a first rate series about the history of the British Empire generally, the 1972 BBC series *The British Empire* unfortunately being rather unimpressive. Yet it seems there was never any thought that this new Granada series would cover the whole history because the chief motivation was the desire to capture on film, before they all disappear for good, the memories of British imperial civil servants and of the nationalist leaders who clamoured, and in many cases fought for independence. Obviously, their memories concern not the great Victorian heyday but the final years of the largest empire the world has ever known.

Thus the subject of the series was, in part, dictated by the material available, but only in the broadest general terms. The significant difference between *End Of Empire* and Granada's other major current documentary series, *Television*, is that *Empire* seems to have been constructed to illustrate a carefully formulated and consistent thesis —using "script priority" to adopt the terminology of the new SLR cameras—while *Television* appears to be an accumulation of interesting clips around which a script has been knitted using "picture priority." The more traditional and more revealing phrase to describe this approach is "writing to picture."

The contrast is very noticeable. Whereas *Television* is a series of disparate programmes, each one bringing together a collection of examples within a single field (light entertainment, news, commercials) without a clearly consistent approach, *End Of Empire*—even though it features an equally disparate collection of subjects (India, Egypt, Aden) — does have a unifying attitude, or so it seems to me having watched the first three episodes and also those on Iran and Malaya.

These differences are presumably not unconnected with the fact that whereas the book of the series was, in the case of *Television*, written by a freelance journalist who had nothing to do with producing the programmes, the book "End of Empire" was written by the executive producer of the *Empire* series, Brian Lapping. An admirably racy and readable book it is, too, which is remarkable since it is largely devoted to politics.*

The way in which television series of this sort can crystallise periods, social groupings and even complicated sets of attitudes is quite extraordinary. Many historians and other academics working in a conventional way exclusively in print still despise and dismiss television; and yet, *End of Empire* seems to me to make much printed history redundant. Listening to the refined naval officers and civil servants in programme one, describing the beginning of the end in the loss of Singapore, was like listening at first hand to an actual recording of history:

"M'father was captain of the Prince of Wales . . ." said Admiral Leach, straight to camera.

Captain Colin McMullen, former gunnery officer, followed, saying: "The Care-ptain sent for me . . . and he said 'I'm afraid it's going to be a pretty sticky party. Guns'."

It was not simply what they said but the way they said it. Broadcasters now feel it dreadfully unfashionable to allow cut glass accents of this sort on the air, and some viewers may have thought this class of people had ceased to exist. Yet *End of Empire* shows they are still out there, sitting on innumerable leafy garden terraces in the shires. Equally telling are the newsreels and propaganda films made by Britain's erstwhile enemies such as the Japanese, seen in next week's programme, celebrating their advance by sitting on their tanks, beaming and waving for the camera just like our own soldiers.

Most salutary and sobering of all, however, is the material coming from those who lived as subjects of British imperialism. Some viewers may feel this series represents too great a swing of the pendulum after generations of jingoistic hyperbole and, certainly, there is precious little here about taking up the white man's burden or bestowing roads and schools. But then, it does deal specifically with the *end* of an empire; and, anyway, the pendulum did, surely, need to swing rather a lot. It is healthy that a nation should be shown what was done in its name before the generation which did it has entirely disappeared, and no medium could possibly accomplish this with such vividness, such impact, or such thoroughness for so many people as this deeply impressive television series does.

Like *End of Empire*, BBC2's *Bleak House* is made by an experienced executive producer with a good track record (Jonathan Powell, who started his career at Granada) and both productions are made in series or serial form. That aside they could scarcely be more different.

Bleak House is fiction, adapted from Dickens' book by Arthur Hopcraft, and acted by a cast so rich in well known talent that the video-cassette will form a sort of pattern book for future historians seeking information about the leading television performers of the 1980s: not only Denholm Elliott as a terribly decent John Jarndyce, but Robin Bailey as the choleric Dedlock (typecasting would have reversed this arrangement); not only Diana Rigg behind a fan as Lady Dedlock but Sylvia Coleridge as poor Miss Flite, driven barmy by the conniving lawyers of the court of Chancery; not only T.P. McKenna as the wickedly "innocent" sponger Skimpole but Robert Urquhart as Jarndyce's other friend, Boythorn, and so on.

This is in all respects a richly concentrated production. After 40 years of routine Dickens on television, then the triumphant RSC adaptation of *Nicholas Nickleby* with its convertible sets, some clear departure was needed and here we have it: super-realism, so powerful that, as with a post-Impressionist painting, the scrupulous authenticity becomes positively mannered.

The landscapes look like Constables, with muddy country roads packed by carts and pedestrians as well as stagecoaches. The night interiors might have been lit by de La Tour, no hint of electricity marring the candlelight, and every street scene looks like a Gustave Doré steel engraving. The horse dung and cholera posters speak of an age when even the rich could not entirely escape dirt; odd to think they were running the world's biggest empire.

Pedants will object that this is not "real" Dickens, and of course it is not. Yet Dickens' contempt for scheming lawyers, his mockery of the egotistical philanthropist Mrs Pardiggle, his fascination with the sheer diversity of human nature, is all here; and what matters most (the book still being on the shelf for future readers, not a word altered) is that this is splendid television.

* *End of Empire, Granada, £14.95.*

Dario Fo/Milan

Phoebe Tait

Actor, playwright, director, painter, designer. . . the talents and energy of Italy's Dario Fo seem endless. And in the new exhibit *Dario Fo: the Theatre of the Eye*, just opened at Milan's Sagrato del Duomo Gallery, one is treated to a spectacular collection of 350 water colours, oil paintings, photographs, posters, lifesize papier mache puppets and model stage sets which together illustrate the past 30 years of this controversial man's work.

The exhibition, which moves on to Munich next month and then to Britain, France Finland, Spain, Denmark, Belgium and Sweden is striking because it reveals the workings of the flamboyant imagination of the author of *Accidental Death of an Anarchist* and countless other plays.

Included in the exhibition are a number of paintings and designs for the author's most recent play — *By Chance a Woman: Elizabeth* — which is an irreverent though historically based look at two days in the life of Queen Elizabeth I. The play opened in Italy only a few weeks ago and is to move to London several months from now.

Particularly interesting are an assortment of water colours drawn by Fo in London in 1983 and 1984, well before he began writing the play. These, like others in the exhibition, show just how he prefers to conceptualise his theatre graphically before turning to the written word.

The exhibition is divided into four parts: there are sections containing videos of various televised performances; designs for stage settings and costumes; watercolours and oils which include some remarkable depictions of stories by Boccaccio; and a selection of colourful posters from productions in Japan, East Germany (where the Berliner Ensemble is still performing *Can't Pay, Won't Pay* eight years after its debut), Britain Russia and other countries.

Banned by the Italian authorities repeatedly in the 1970s and refused a visa to the U.S. for his leftist politics, Fo is nothing if not controversial; but he is also one of Italy's most creative and prolific contemporary artists, having created productions which range from the fringe to his 1978 adaptation of Stravinsky's *Histoire du Soldat* at the Scala opera house.

His oil paintings, rarely seen by the public, include many works which seem curiously reminiscent of Fernard Leger. This is not surprising, as the 58-year-old Fo collaborated for a time with Leger in France.

The Theatre of the Eye is a large and unusual tribute to an artist whose polemical Italian work has somehow found audiences the world over. Once you see the exhibition it is not hard to realise why.

King Priam/Covent Garden

Max Loppert

Kim Begley and Alexander Malta

In celebration of Michael Tippett's 80th birthday, the theatre for which all four of his operas were written has not mounted a Tippett festival, or some other bold, imaginative way of demonstrating its special pride and joy. The Royal Opera has instead revived, for the first time since 1975, the second Tippett opera, *King Priam*, in its original 1962 production. As seen on Monday, it has not worn well — Sean Kenny's sets, once the house's *dernier cri* in striking theatrical modernity, now look dated, but unfortunately not yet dated enough to have become again fashionable. In addition, the cyclorama was rumpled, the lighting messy: even someone who missed the recent, much-praised new-look *Priam* by Kent Opera could be excused fits of passing impatience at Covent Garden's distinctly old-look one.

Yet ingratitude is out of place for there are strong features about the revival. The music is well played under Elgar Howath's firm, confident direction (and, praise be, he is the first Royal Opera conductor to insist on the original scoring). And it is very well, in some instances remarkably well, sung by an interestingly chosen cast. With so much in its favour, no *Priam* performance can be scorned; the brilliant revelation of a new kind of Tippett music-drama that this opera brought with it was on Monday incompletely recovered, yet in the first two acts it still seemed to take its place with unarguable assurance as one of the very few certain masterworks of our day. And even in the more problematic final act, such an assurance was little tarnished.

The company is composed almost entirely of newcomers, only Elizabeth Bainbridge's sterling Nurse being recalled from earlier performances. But Felicity Palmer (making an absurdly belated house debut) was the Andromache of the Decca recording, so it is no surprise that her authority, conviction and grandeur of vocal style are so superbly well mettled. Anne Howells gives to Helen a combination of erotic fascination and cool intelligence entirely new to the role and vividly illuminating of it (perhaps previous experience as Offenbach's Helen was of some assistance!) Hecuba is a less rewarding assignment, but by Phyllis Cannan's delivery of her music—with gleaming top notes, rich timbre and imperious flourishes expressively shaped —the rigidity of character was removed and something altogether less two-dimensional took its place.

Among the men, Robin Leggate's Paris stands out for proud certainty of stage manner and vocal style. If Kim Begley's Achilles is properly also of Paris stature, his trimly athletic approach to the role and the vocal line does much to compensate for a certain loss of maturity. A third tenor, Deon van der Walt (the new *Barber* Almaviva), finds for Hermes a wonderful air of freshness and unworldly radiance; for the first time in my experience of the work, indeed, I recognised in the messenger's Act 3 ode to music the daring rightness of the dramatic conception — one of those inexplicable, genuinely operatic inventions in which all Tippett's stage works (even *The Ice Break*) are so strong.

Of the entire cast, which also includes Alan Opie's Hector (a touch soft-grained and chubby) and John Gibbs's impeccable Old Man, the single non-native English-speaker is the Swiss bass Alexander Malta, who comes new to both the house and the title role. To say his words were not always clear is an obvious point that must nevertheless be pressed, when generally the cast's verbal success rate was unusually high. But Malta commands a dignity of attitude and a flowing warmth of voice that served Priam increasingly well; it is already a brave attempt at a great part, and will no doubt grow to more than that. As to the work itself: a simple, passionate, all-encompassing salute must here suffice.

Le Pré aux clercs/John Lewis

Rodney Milnes

Hérold's *opéra-comique* of 1832 vied with *La Dame blanche* as the most popular example of the genre throughout the 19th century, and since then has similarly sunk virtually without trace. The John Lewis Partnership Music Society's revival on Monday in its fourth-floor theatre revealed a work of wholly irresistible charm and vivacity—qualities hardly in step with our dour times, I know, and so all the more welcome.

The charm is by no means obvious or easily achieved. The musical language is basically that of Auber and Boieldieu—the setting of dialogue within musical number is thus wonderfully skilful and fluid—but Hérold's European travels mean that there is more than the odd dash of Weber and Rossini mixed in. Uneven phrase lengths sustain musical interest as surely as individually shaped melody and consistently inventive instrumentation; the hit number—whether the heroine's coloratura showpiece that launches the second act or the soubrette's spicy rondo in the third—is not disdained, and the whole piece goes with a brio to remind one how much Offenbach learned from French popular opera while in the process of renewing it.

The plot, drawn from Mérimée's *Chronique du temps de Charles IX*, deals with gently sentimental amorous intrigue and lowish comedy in the age of Catherine de Medici, all centred upon the eponymous pleasure garden. The new translation by Jeremy Sams (lyrics) and Malcolm Hunter (dialogue) catches the spirit nicely with intricate, witty rhymes and dry one-liners; Mr Hunter's production is less sure, favouring the Anglo-Saxon bludgeon rather than the Gallic rapier, and it is presented in a white-faced, would-be *commedia*-style framework that may have been economical in intention but is tiresomely fussy in execution.

There is some excellent singing, especially from Morag Mackay, sweet and nimble as the heroine, and from Margaret Perry, a starry and stylish soubrette. Una Buchanan's Marguerite de Navarre is so strongly voiced that her being made to guy the role seems all the more unfortunate. The characteristic high writing for tenor causes some problems, but the low comedy is safe in the hands of the society's stalwarts (Brian Kevis, as ever, as ineffably funny fop). James Robertson's wise, unflappable conducting and the vigorous playing of the Cavendish Sinfonietta ensure that in the end musical values triumph over dubious staging. There are further performances tonight and on Friday.

Sinopoli/Festival Hall

Andrew Clements

As originally announced, Monday's Philharmonia programme in the Festival Hall had an intriguing symmetry. But Ravel's *La Valse* was replaced by *Tombeau de Couperin* and something of the peculiar obsessiveness was lost; what remained soon disappeared under Giuseppe Sinopoli's direction.

There is a case to be made for treating *Tombeau de Couperin* as a study in the most delicate orchestral textures; with playing of the quality which the Philharmonia woodwind particularly produced, that would have been eminently practicable. But it would have also required a tautness of rhythm and care over phrasing which Sinopoli was evidently unwilling to allow, and so the performance ground remorselessly on, without charm, without grace.

The same straightforward dullness was then carried through the rest of the evening. Hard to conceive of Skryabin's *Poem of Ecstasy* without sheer physical involvement but here it was, predictably noisy at the close, but otherwise shapeless and content to survive from moment to moment; instead of sensuous, all-embracing orchestral sound there was a nasty, over-bright clangour, as if some one had turned the trebled control on their hi-fi to maximum and left it there.

In Saint-Saens' third violin concerto Salvatore Accardo provided some welcome understated musicianship, even if his involvement with the music in hand was not entirely convincing. Sinopoli accompanied with a grotesque lack of tact and proportion and went on to render Ravel's *Bolero* in the most lurid terms. To turn on their heads the textures of this of all works is simple perversity, without any musical point; in a place which relies on sheer monumentality to make its effect, Sinopoli atomised it into meaningless fragments.

Brief and belated praise for the London Sinfonietta's staging of Falla's *Master Peter's Puppet Show* which was included in last week's "Beanfeast" series. The puppets were conceived by Barry Smith on two levels: marvellously entertaining life-scale models for the singing roles — lugubrious, spindly Quixote, obese Innkeeper, Pinocchio-like Boy — and shadow figures for the show itself, the whole thing most satisfyingly integrated. Simon Rattle conducted a pungent account; the singers, Elise Ross, Ian Caley, Stephen Roberts, were robust and forthright even if their Spanish was passingly dubious.

Gallery seeks changes

BY WILLIAM PACKER

The National Gallery report, published yesterday, makes clear that existing arrangements for acquisition which involve the Treasury directly are quite inadequate.

As Lord Annan, chairman of the trustees, pointed out, the £3m opening bid on the Northampton Mantegna, sold last week for a total of £8.1m, was larger than the entire purchase grant for the National Gallery for this year.

Last year's grant, £3.3m, has recently been reduced by a nominal 16¾ per cent to £2.75m —but that deficiency is doubled, in effect, by the value of the dollar against the pound. The National Gallery feels that a yearly grant of about £5m would allow it to remain active as a purchaser in the market; and to argue its case, in particular circumstances, to acquire works by private treaty rather than open sale.

In the three years covered by the report, 22 works have been acquired, some of them of the highest quality by international standards. They included "The Way To Calvary," by Jacapo Bassano, shown in the Royal Academy's Venice exhibition last year, and bought privately from Lord Bradford. The gallery also obtained for the collection the portrait of Jacobus Blauw by Jacques-Louis David. Here, the Arts Minister, Lord Gowrie, among others, persuaded the French government to grant an export licence.

The gallery also is asking Lord Gowrie to appoint a new committee to look at the whole matter of bequests and taxation, and "to consider what improvements and inducements might be devised to foster greater support of all kinds for museums and galleries so as to protect and enrich the nation's heritage."

The capital value of the works in the National Gallery can scarcely be calculated: each room must account for sums running into eight figures. The collection attracts nearly 3m visitors a year. But the Treasury has allowed a national ceiling of only £1m in lieu of tax for the acquisition of capital works of art by UK galleries.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 19-25

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Strange Interlude (Nederlander): Glenda Jackson carries on an appreciated tradition of bringing American classics to New York from London in this marathon production in which director Keith Hack wisely makes the asides an integral part of the conversation. Limited engagement ends May 5. (921 8000).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

TOKYO

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

Kabuki (Kabuki-za): Kotobuki Soga no Taimen, Danjuro Musume, Kenuki, Kanjincho (matinee); Ehon Taikoki, Kojo (formal name-taking ceremony), Sukeroku (evening). April sees the beginning of three months of ceremonies to mark a well-known Kabuki family member, Ebizo Ichikawa, assume the name Danjuro XII, in unbroken line since the 17th century. The Kabuki world is run by big families, not unlike the system of long-established circus families in Europe. In only the second accession this century, the Kabuki-za's gala programme will continue until the summer. Most of the big names in the Kabuki world will be on stage to lend their congratulations and many of the days will be Ichikawa family specials. One of the favourites is Sukeroku in which Danjuro will play the lead, a dashing hero and champion of the lower classes in 18th century Tokyo. Excellent English programme notes and earphone commentary. (541 3131).

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

The Tooth of Crime, A translation of Sam Shepherd's musical directed by Sakumi Hagiwara, produced by Parco/Engine Room. Stars Eiji Okuda. Seibu Theatre, Shibuya Parco Part 1, 9th floor. (477 5860).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Caine Mutiny Court Martial (Queens): Charlton Heston walks carefully on and off in Herman Wouk's famous courtroom thriller without disturbing too many memories of Bogart on film. In the second act he even acts a little, which proves rather more alarming a spectacle than when he is merely heaving himself around in a somnambulist daze. (734 1166).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, 638 8891).

NETHERLANDS

Amsterdam, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (25 94 95).

Amsterdam, De Stalhouderij (Eerste Bloemdwarsstraat 4). The English-Speaking Theatre of Amsterdam with Krapp's Last Tape by Samuel Beckett. (26 22 82).

Saleroom/Annalena McAfee

Armour fetches £5,500

A suit of armour dated 1640 was sold for £5,500 at Sotheby's yesterday. The cuirassier's armour, threequarter length with helmet and visor, was bought by the London dealer Peter Dale in a morning sale of arms, armour and militaria. A total of £79,420 was made, with 15.32 per cent bought in.

An unusual 19th century firing mechanism in a pyramid shaped wooden case, estimated at £1,200 to £1,800, was bought for £5,170 by the London dealer Peter Finer; while a private buyer paid £5,400 for a full Victorian suit of armour in the style of the 16th century. An early 17th century South German hunting sword with a decorated blade was sold for £2,640 to a private buyer; and the American dealer Condon bought an Imperial German helmet (late 19th to early 20th century), surmounted by a crowned eagle, for £1,540. A late 18th century cavalry officer's sword, believed to be French, fetched £1,430 from the dealer Spencer.

A total of £83,418 was realised at Sotheby's morning sale of watercolours in Pulborough yesterday. Only 2.7 per cent of the lots were left unsold. "Deer in a park" by Robert Hills, dated 1815, was sold for £2,970 to Agnew's. A private buyer paid £2,530 for Sir Alfred Munning's study "Near Haddiscowe, Norfolk, dated 1902, and estimated at £800 to £1,400. A pair of still life paintings by William B. Hough, "Dog roses and birds nest" and "Grape and peach," fetched £2,310. The buyer was the London dealer Solomons.

'Breaking the Silence' for the Mermaid

The Royal Shakespeare Company's production of Stephen Poliakoff's new play *Breaking the Silence* is to move to the Mermaid Theatre (previewing from May 16) following its successful season at The Pit in the Barbican.

Alan Howard and Jenny Agutter will join the cast.

New artistic director

Nicholas Kraemer has been appointed artistic director of the London Bach Orchestra, with immediate effect. He is working on a series of concerts with the orchestra to be held in English Cathedrals next season.

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Europe's gap in technology

A FAMILIAR THEME in European industrial policy has been the fear of U.S. and, more recently, Japanese domination in *high-technology industries.* The anxiety is that Europe will be caught in a pincer movement between the Japanese on one side, using their remarkable strength in consumer products to attack other sectors of the electronics industry, and the Americans on the other, feeding off huge Defence Department expenditure *to develop advanced* technology for civilian markets. President Reagan's Strategic Defence Initiative will give U.S. industry, it is thought, an even bigger advantage, threatening to consign Europe to the status of sub-contractor or licensee.

It is this spectre which lies behind the French Government's proposals *for a* European Research Co-ordination Agency, nicknamed Eureka, which has been discussed with other European governments in Bonn this week. Are these worries justified and is the French plan an appropriate response?

There has long been controversy over the extent of civilian spin-off *from* U.S. defence expenditure. Some believe the build-up of spending *on high-technology* products and systems under President Reagan has diverted scarce resources away from commercial applications into esoteric military work. Others, including some European competitors, see the more recent Defence Department research programmes, particularly in advanced semiconductors and computers, as part of a conscious effort to wrest technological leadership *back from the Japanese.* The ostensible objectives may be military, but the practical *results in civilian* markets will be far-reaching.

Civilian outlets

While it would no doubt be more cost-effective to support civilian *technology* directly rather than through the defence budget—if that is the objective—it is certainly true that some U.S. high-technology companies derive considerable benefit from the existence of the Defence Department as a large customer for their most advanced equipment. It is not so much the sponsorship of *research which is* important as the procurement of components and machinery *on a sufficient scale to give the* supplier a base on which to develop civilian outlets.

These conditions cannot easily be replicated in Europe because there is no European Defence Department; attempts to unify *the European military* market have often been hampered by national rivalries, as the bickering over the proposed new fighter aircraft shows. Moreover, the problem with the Eureka proposal, as *with the EEC's Esprit programme,* is that while they may usefully encourage the habit of collaboration among European companies, they are confined for the most part to pre-competitive research, which is not where Europe's *weakness* lies. It is *in* the development and commercialisation of saleable products where economies of scale are vital and where Europe continues to suffer from a fragmentation of effort.

In contrast to industries such as trucks or domestic appliances, where companies like Daimler-Benz and Electrolux are able to operate efficiently on a European scale, most non-consumer *electronics sectors,* including those related to defence, still tend to be organised on a national basis, with the result that few of the companies are internationally competitive. This is one of the reasons why European high-technology companies are so keen to establish themselves in the U.S. However, *access to the* U.S. *defence* market is not easy for foreigners; it is unlikely that the invitation to European companies to participate in research on the SDI programme will alter America's protective attitude to its own defence industry.

Parallel efforts

Public procurement in Europe, *both military* and civilian, can and should play a useful role in promoting economies of scale, but only if the procurement is organised on a European basis and if governments are prepared to see the emergence of two or three suppliers of a product rather than the present eight or nine; the habit of protecting *national* champions has to be broken.

Europe is not short of scientific talent and expertise, but the structure of national markets makes it difficult for *this resource to be used to the* fullest advantage. More investment in collaborative research will not produce the desired return unless parallel efforts are made to unify the market.

Westminster and the City

TODAY the House of Commons debates the White Paper on financial services, returning to the subject of investor protection which MPs previously considered last July. At that time, backbench Conservative members *with City connections* embarrassed the Government by calling vociferously for the *creation* of a tough statutory body—apparently clashing with the official preference for less aggressive agencies delegating most of their responsibilities to subsidiary self-regulatory bodies.

Since then, the Government has produced its detailed White Paper, and has begun to put together two boards. Sir Kenneth Berrill *has been appointed* chairman of the Securities and Investments Board, and has been given the urgent task of setting up an organising committee. This has not yet been selected, but 10-members have been chosen for the parallel Marketing of Investments Organising Committee under the *chairmanship of Mr Mark Weinberg.*

The final character of the regulatory structure *has yet to* become clear. There is no argument about the basic need for a balance between statutory regulation and self-regulation—the type of formula that is followed even by the Securities and Exchange Commission in the U.S. But in practice much will depend on where the balance *is eventually* struck.

At this stage, however, MPs may still have misgivings. Sir *Kenneth* did *not* make an encouraging start by suggesting that he was more interested in promoting the City of London as an international financial centre than in policing the markets, implying that the cart *might* be getting in front of the horse. Secondly, there has been an unnecessary and still unresolved dispute over whether there should be one agency or two—an argument which derives from the split of *responsibility* for investor protection between the Department of Trade and Industry and the Bank of England. This does not augur well for the future.

The danger is that momentum will be lost as the organising committees become absorbed in technicalities. There is a clear need for strong leadership at this early stage so that the *various self-regulatory* bodies are aware of what will be expected of them. Already, a fierce debate is opening within the Stock Exchange community over the question of disclosures to clients under the planned new system of dual capacity trading. That debate will be affected by the Stock Exchange members' perception of what the regulators will tolerate. There must be no suggestion that the SIB will be more interested in protecting the institutions of the City than in protecting their clients.

Key elements

Inevitably, *today's debate* will take place in something of a vacuum. Decisions have yet to be taken on the membership of the SIB, its structure, and the depth and quality of its team of executives. There is much nervousness in *official* quarters about its budget, and how that will be financed.

Presumably such details will remain obscure for some time to come. But at least Mr Norman Tebbit, Secretary of State at the Department of Trade and Industry, who carries the main responsibility for investor *protection, should give* some indications in today's debate of his requirements. It will not be enough to say he is leaving it all to the City to organise.

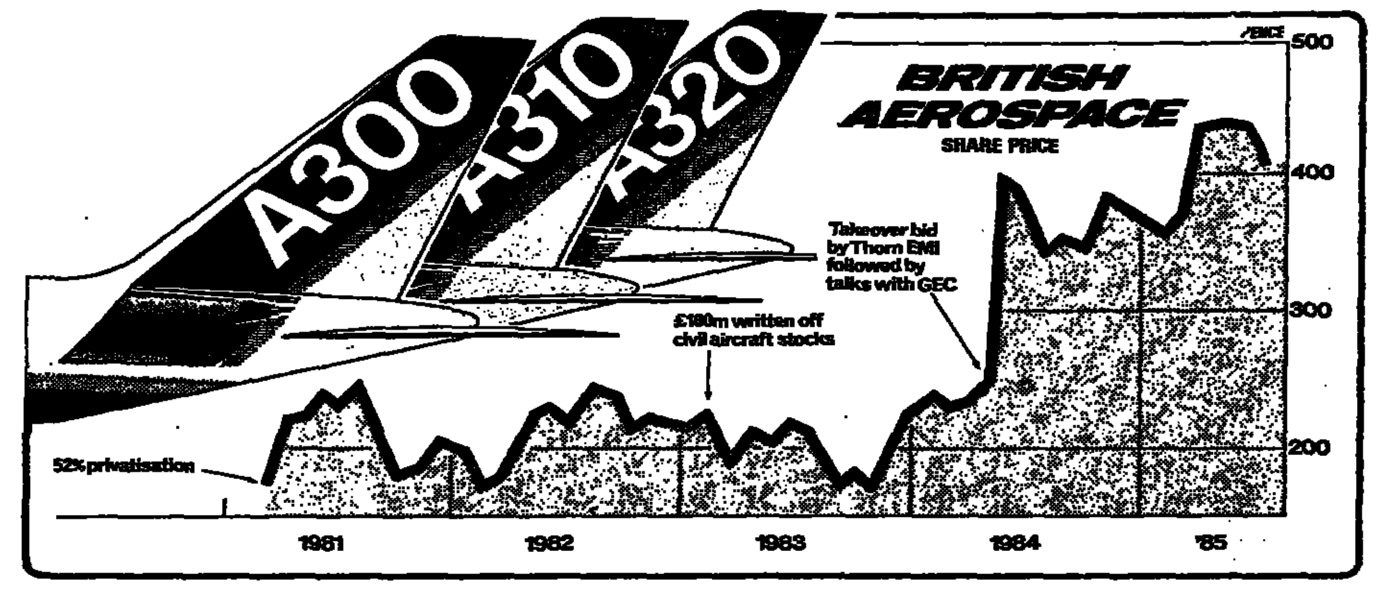
It would also be reasonable *to expect, at an early date, some* further guidelines from Sir Kenneth, now he is emerging from the self-imposed two months of silence following his appointment. The announcement of the full membership of *his organising committee might* provide a suitable occasion for such clarification.

But it is a curious feature of the new investor protection structure that its key elements are being formulated well in advance of the passage of the enabling legislation. For that reason, a healthy debate in Parliament could have an immediate influence on the development of the new framework.

BRITISH AEROSPACE AND AIRBUS

The great unknown quantity

By Duncan Campbell-Smith



Brana Radovic

FLYING will commence at 11.30 am, says the invitation from British Aerospace to a grand display and *exhibition of its wares today,* which should mark the final run-up to the massive sale of shares in the group planned a few weeks from now.

The display will begin with a fly-past by an A-310 Airbus: a product of the Airbus Industrie (AI) consortium in which BAe holds a 20 per cent stake—and a symbol, too, of BAe's commitment to the Airbus bid against Boeing Company of Seattle for a future share of the world's civil aircraft market.

Investors will be asked next month *to spend perhaps up to* £400m buying out the Government's remaining 48 per cent stake in BAe, thus completing the privatisation of the group begun in 1981. A simultaneous right issue could put as much as £200m directly into the coffers of BAe itself.

Yet the group's current balance sheet already boasts a net cash surplus over debt of £82m. BAe clearly envisages a busy capital spending agenda—and the Toulouse-based AI is just as clearly a key item on the list.

AI's next big project—which, as it happens, will occupy Concorde's old assembly hangar in Toulouse—is the A-320 Airbus. This alone, an innovative wide-bodied aircraft *for short-haul routes which is* due to fly in 1987, could call on BAe for £390m, to go by the group's own public estimates.

This compares with a total capital expenditure for the five years to December of £323.8m—covering all BAe's activities, from military aircraft and guided missiles to electronic defence *systems, satellites* and other civil aircraft.

Given the scale of the Airbus investment, *it is* perhaps surprising that the City still appears to have only the haziest understanding of what its AI participation could mean for BAe's future cash needs and profitability.

But the lack of information is glaring. AI itself gives the stockbrokers little or no help at all. BAe points to the danger of leaking useful information to Boeing. The Department of Trade and Industry declined to discuss Airbus for this feature. Neither the 1981 privatisation prospectus nor the preliminary document for next month discloses more than the vaguest hint of AI's progress. BAe's lead broker in the rights issue does suggest the group might *make £25m a year out of AI* after 1988 — but like the rest of the City, it has no idea of AI's losses, past and still to come.

The available information on AI can be summarised under three headings:

● AI's present finances. "Airbus *is a mailbox, as far as money is* concerned," says M Pierre Pailleret, AI's burly and charismatic sales director. In other words, the flow of cash and profits or losses between the consortium and its owners is so wholly discretionary as to leave AI's books virtually meaningless if viewed in isolation from the Airbus accounts kept by the owners — which means no figures are produced at all. They exist, but neither AI nor the owners will disclose them publicly.

But if the figures were available, how would the sale revenues on AI's aircraft compare with the aggregate costs, wherever recorded, of making *them?*

The first Airbus programme was for 400 A-300s, with break-even expected when about 300

A great deal hangs on the A-320 project

had been sold. To date, 251 have been sold; but there is little or no prospect of profitability — the production schedule is now down sharply and the break-even point has *climbed as A-300s have* been sold ever cheaper during the searing industry recession of 1982-84.

Losses incurred on the A-300 have been taken for much the same reason on sales of the second, A-310 Airbus. Out of a 300 production schedule, probably 200 would mark break-even and 115 have been sold so far.

A great deal, in other words, hangs on the A-320. Best estimates are that 400 of its 600 planned production would just see the A-320 through to profitability, but its advocates believe it could then prosper hugely from the anticipated demand for wide-bodied aircraft in the 1990s. "There is a tremendous *market out there," says* Mr Bernard Friend, Bae's finance director. "The market we are looking at is worth literally billions of dollars."

● AI and its parents. The French banks of Toulouse are kept busy administering four current accounts which AI maintains for its four parents: BAe, Aerospatiale of France, Germany's Messerschmidt-Bolkow-Blohm and CASA of Spain. AI broadly draws down on thees *accounts as and when it needs* cash, in relation to prior agreements and the proportions of the parents' stakes.

As for the disposal of its revenues, AI last year spent about 30 per cent of its turnover on the payment of third party suppliers — most notably for Airbus engines — and on settling *its own operating expenses,* which are running at about 2-3 per cent of sales. The remaining 70 per cent of turnover was passed back into the parents' accounts in three ways.

First, AI buys parts from the parents which they have themselves bought from other companies. How much of a turn the parents can make is a sensitive matter. More than 50 UK suppliers including Dowty, Plessey and Lucas now provide almost 20 per cent of the planned equipment for the A-320 *and half of this is specified* and contracted out by BAe directly.

Second, AI pays *for the* finished work delivered by each parent to Toulouse; BAe is broadly responsible for the wings of the Airbus family. Fixed price dollar contracts for the A-300 and A-310 were revised in the so-called Bordeaux Agreement last year but terms for the A-320 (including the price of its wings) have yet to be finalised.

Theoretically, no profit margin is included in these supply contracts. In practice, every parent works for production efficiencies — which BAe has certainly achieved at its Chester wings factory — and prays, too, *for foreign exchange fluctuations* which together have ensured wide margins in the past. These are secret even within the consortium.

And third, levies are repayable by AI out of its sales proceeds to reimburse the parents for their capitalised development costs. Last year, about 60 per cent of turnover went on component costs, leaving—after the direct costs—about 10 per cent for levies plus interest *payments on money* lent by the parents.

One day, AI hopes to add net group profit as a crucial fourth source of income for the parents' current accounts. To date, though, the various transfers in and out of the accounts—which are cleared every 10 days—have undoubtedly left each parent with a net accumulated loss, which all four have tucked away on their respective balance sheets.

BAe's accounts give little clue of all this activity. Neither money paid to AI nor receipts collected for parts, contract work and levies are shown separately. Footnote No 17 to the balance sheet only shows an aggregate item of £278.6m to include *both* the running net loss on BAe's current account with AI and BAe's share of AI's current stocks. The Airbus *also accounts* for a big part of a second item of £195.9m to cover development costs. But *the two items* taken together at least indicate the size of BAe's commitment and compare with shareholders' funds in the group of £918.6m.

● AI's commercial viability. Not the least curious aspect of next month's Government sale is that the vendor should know so much more than the market about the package on offer. Whitehall economists and accountants spent the best part of two years scrutinising AI's accounts to assess BAe's application for £250m of A-320 *launch aid.*

BAe's own sophisticated analysis posed a wide range of *assumptions. But the central* case using those thought most likely projected a return of just 2-3 per cent. The Treasury noted that the A-320 was therefore a bigger investment for an even smaller return than earlier AI projects and it advised the Cabinet to reject the aid request.

Even champions of the Airbus acknowledged that the narrow financial case for going ahead with aid was marginal. *Broader strategic considerations* were therefore urged on the Government and the Treasury was over-ruled.

Strategic considerations, though, will not be of much concern to shareholders in BAe. How confident can they be that BAe sees AI as a commercial investment—and how much is

Predictable broadsides from Boeing

BAe itself protected against UK and wider, European strategic considerations being foisted *expensively on the Toulouse business* in the future?

There is little doubt BAe *does genuinely see its AI stake* as a long term money spinner. The group's management has been touring the country in recent weeks, treating investment fund managers to, among other things, a lavish assortment of charts and graphs plotting the arithmetic of profitable aircraft manufacturing.

Nor has the group been in the least dismayed by predictable broadsides from Boeing, challenging AI's estimates of the market for Airbus. "In effect, the Americans are just trying to say we in Europe can't fight our way back into the world aircraft market," says Mr Bob *McKinlay, head of BAe's Filton* operation and a persuasive advocate of the A-320. "But that's ludicrous. They are just trying to preserve their dominant position."

BAe will be labouring, though, to overturn this position as the only private sector member of the AI consortium—albeit a company with some *unusual* strengths. Thanks to the £250m aid finally signed up on March 20, *for example,* it will be able to call on public sector money (at an undisclosed borrowing cost) for all its share in the anticipated costs of the *A-320* for the next couple of years.

In the City, too, BAe is still being given the *benefit of the* doubt as far as Airbus is concerned. In part, the broking community *seems* happy to remain agnostic about AI's prospects: they seem unlikely to hit BAe's pre-tax line in the near-term; BAe's shares on a prospective price/earnings multiple around 7x already reflect the *uncertainty;* and the Airbus item is far from the only mystery ingredient in BAe's accounts as far as most brokers are concerned. But there is also a broad confidence in the group's present top management, *evident again in the generally* warm reception accorded the build-up to next month's share sale.

Neither taxpayers' help nor City support, however, will provide BAe with anything like adequate protection in the event of a chronically uncommercial opertion in Toulouse. *Inevitably,* the UK parent *must* rely on its own influence over the consortium to ensure its genuine, if long-term, profitability.

BAe already has a reputation with the other partners for a rather mercenary outlook. "We have an excellent co-operating relationship," says M Henri Martre, chairman and chief executive of Aerospatiale; but M Pierre Cherrier, his group's comptroller general, *is quick* to add that people from BAe "have always been very profesisonal and extremely commercially minded."

This impression could soon be heavily reinforced. *From* 1979 to 1984, BAe was conscious of its status as a Johnny-Come-Lately at AI—having joined only in 1979, ten years after AI's launch—and only gradually asserted itself. After securing key changes in the management structure in 1982, though, it succeeded within two years in reining in an operation geared largely to the hard selling of aircraft. Since the departure of *M Bernard Lathiere as chairman* and the recent appointment of new top management, BAe has felt more confident that AI shares its own business philosophy.

BAe would now like to see AI regaining some of its former autonomy, this time combined with a more powerful financial control from the head office in Toulouse. Indeed, key changes in this direction are already looming.

But so, too, is a decision over whether to press ahead with a new aircraft, the TA-11, before the A-320's commercial future is anywhere near assured. The *Germans are pushing, BAe is* pulling back. Such decisions could make it uncomfortable being a cuckoo in the Airbus nest.

Men and Matters

Wall Street to Washington

John Whitehead, named for the number two job at the U.S. State Department, represents one half of the most successful *Wall Street team of the last* decade.

Until his retirement a few *months ago,* Whitehead was co-chairman of Goldman Sachs, the bluest of the blue chip New York investment banks, working in tandem with John Weinberg.

The two men made this improbable style of leadership work exceptionally well. Whereas other leading Wall Street houses, notably Salomon *Brothers and Lehman Kuhn* Loeb, suffered big upsets because of dual power-sharing at the top, Goldman has forged ahead since 1976 under the Whitehead - Weinberg regime without any visible evidence of a hitch.

Goldman is the firm other Wall Street houses tend to *admire most — and it has* managed to maintain its private partnership structure against the odds. Most pundits believe that partnerships canot survive because of the escalating need for capital in investment banking.

Whitehead and Weinberg have managed this relationship, too, despite deep political differences. For years, Whitehead has been a prominent Wall Street fund raiser for the Republicans, while his co-chairman has been equally fiercely devoted to the cause of the Democrats.

"A few more tit for tat expulsions and we could start a regular Concorde service"

Shopping trip

Visiting Yorkshire the other day, Sir Terence Beckett, director general of the Con*federation of British Industry,* was heard using harsh words like "rotten" and "appalling" about Britain's road system.

He had suffered a difficult drive from London to Harrogate, bedevilled by heavy traffic and roadworks.

But his troubles started even before he had left greater *London. The CBI car got lost at* the bottom of the M1, and Sir Terence found himself touring aimlessly through the Brent Cross shopping centre.

Street wise

Old retailers, it seems, prefer not to stray far from the High Street.

In 1980 David Hyman's Henderson - Kenton furniture *chain of 80 stores was swal*lowed up by the acquisitive Harris Queensway in a £14m takeover.

Now Hyman, at 64, is back as executive chairman of Clayform Properties, a property developer *specialising in retail* schemes, which is being floated on the USM.

Hyman helped set up Clayform in 1981 with colleagues expert in property development. He says modestly, "If I had known before everything that I've learned at Clayform Henderson-Kenton would have been three times bigger. "We've got a very good team here."

He concentrates on picking out likely retail development sites for the group. But he also has the opportunity to make more direct use of his old retailing skills.

One of Clayform's deals has brought into the group three department stores in Leeds, Skipton, and Harrogate.

The Leeds store is to be redeveloped and *the other two* stores are likely to be sold. But for the moment Hyman says the three shops are all doing nicely, thank you.

Strike a bargain

Donald C. Slawson, the American who this week announced a joint venture with RTZ, describes himself in his letterheads as an "oil producer."

With that and a headquarters in Wichita, Kansas, he inevitably conjures up images of 10-gallon hats and crocodile-skin boots. But like another now famous oil man, T. Boone Pickens, Slawson apparently goes in for sober suits and talks more like a banker than a wildcatter. He also shares Pickens' passion for baseball.

A number of British independent oil companies, I gather have made the pilgrimage to Wichita in recent months, lured by tales that Slawson and his companies can offer that elusive *prize — reliable, profit-making* advice on U.S. oil and gas properties.

According to one of those visitors, Slawson is successful because he is choosy. It is said that out of 800 deals investi*gated in recent months,* he signed up for only seven. "I'm also impressed that he stayed out of the market at the right time. That's the hardest thing to do," says this admirer.

Slawson's background was *Wharton School of Economics* and training as a geologist before cutting his first oil deal 28 years ago.

Among those who have already talked to Slawson Oil are Britoil and Enterprise Oil, two cash-rich bargain hunters. RTZ, which is not short of funds either, is hoping for some Slawson magic in its U.S. oil and gas business, which has so far struck nothing but losses.

Russian ride

Since the days of Russia's President Brezhnev and his well-known penchant for luxury cars—he had a big collection of the ritziest Western models—the *East-West trade in top class* cars has not attracted much publicity.

Now some captains of Finnish industry are putting the usual flow of business into reverse. They are ordering Tshaikas—the big Russian limousines—to impress visiting Soviet business partners, and their Western *friends* as well.

Among the buyers are Kari Kairamo, of the electronics company Nokia, and Tankmar Horn of shipbuilders Wartsila.

The Tshaika is a big car—always painted black—which is usually seen speeding along the special VIP traffic lanes in Moscow with curtained windows to *shield the occupant from the* proletariat.

It has a 5.5-litre V8 engine that gives it 110 miles per hour, and it weighs a mighty 3,100 kilos compared with just over 2,000 kilos for the Mercedes *Benz 500 series.*

I hear that the Finnish industrialists hopes to get their cars from Moscow by May Day.

Sick truth

Staff at a hospital near Manchester are still recovering from the shock of discovering the novel method devised by a patient to breach a wall of secrecy he encountered when seeking information about his own illness.

It came to light when an official rounded off an informative response to an *apparently* routine telephone inquiry about the progress of a patient.

He asked whether the inquirer was a relative.

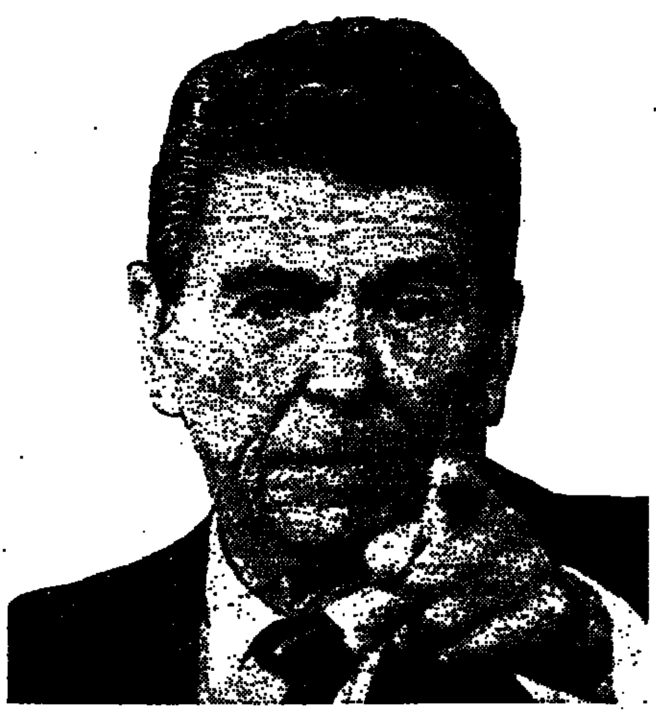
He was told. "No. I'm the patient. They tell you nothing in here."

Observer

The Bonn summit

Why U.S. budget deficits are the key for Europe

By Martin Feldstein



President Reagan: deficit-slashing agreement.

THE SUMMIT meeting in Bonn this year should be a turning point in the main economic debate between the U.S. and Europe and in the prospects for European economic recovery and employment. After the European leaders have had a chance to repeat their now familiar justified criticism of the American budget deficit and the Americans have replied with their critique of the status quo in Europe, the participants can move on to a more realistic assessment of the present favourable outlook for correcting America's fiscal imbalance and to the very positive implications of this for the economies of Western Europe.

The fact that makes this year's summit different from the summits of London, Williamsburg and earlier years is that it is now likely that the American budget deficit is about to be brought under control. President Reagan will be able to tell his summit partners that he has recently reached a deficit-slashing agreement with the Senate Republican leadership and that he is working very hard for its passage. If these spending cuts are enacted, the budget deficit will shrink from the currently projected 5-plus per cent of GNP to only 2 per cent of GNP by 1988. Although Congress will not enact this legislation without first making changes, it is likely that legislation will pass by the end of the summer that puts the deficit on a sharply declining path. By 1988, when the enacted spending cuts are fully phased in, these spending cuts will put the deficit more than $100bn below the currently projected level and therefore down to about 3 per cent or 3.5 per cent of GNP.

What President Reagan will not say is that an increase in tax revenue will also be needed to bring the 1988 deficit down to 2 per cent of GNP and to put the budget on a path to balance by early in the next decade. But the European summit team reasonably expect that the major tax reform that the President is actively sponsoring will provide the basis for an increase in tax revenue.

The declining budget deficit will have important effects not only for the U.S. but for Europe as well. Within the U.S., the reduced deficit will mean lower real interest rates and a substantial rise in the funds available for investment in plant and equipment and in housing. The lower real interest rate will reduce the attractiveness of American securities to foreigners and cause the dollar to decline further relative to other major currencies. These changes will have three important effects on the economics of Western Europe.

First, the lower dollar will reduce the price advantage of European goods that compete with American products in the U.S., in Europe and elsewhere. European firms will see their exports decline and the pressure for imports increase. Since increased exports have been an important source of demand in the current European recovery, the direct effects of this reduction in exports and increase in imports will be to reduce economic activity in Europe. This slowdown in the demand for European products will be reinforced if the reduction of the American budget deficit causes a temporary slowdown or decline in the American economy in 1986.

Second, the fall in the real interest rates on American medium-term and long-term securities will be mirrored automatically by a decline of the corresponding real interest rates in Europe. As the flow of interest-sensitive capital to the United States abates, the demand for European securities will increase, raising the price of European bonds and thereby depressing the interest rates. The reduction of the capital outflow from Europe will mean more European investment, thereby raising labour productivity and narrowing the gap between productivity and wages that has been the primary source of rising unemployment since the early 1970s.

Third, and perhaps most significantly, the fall in the dollar will permit the European central banks to pursue more expansionary monetary policies. During the past five years, the falling values of the pound, the German mark and other European currencies relative to the dollar, has put upward pressure on prices in those countries. To prevent that pressure from initiating a new round of domestic inflation, the European governments have been forced to pursue tighter monetary and fiscal policies than they would otherwise have chosen. These tighter monetary and fiscal policies have prevented stronger recoveries and have contributed to the rising rate of unemployment that now plagues all the major European nations. In the future, the declining dollar and the rising value of the European currencies will put downward pressure on domestic prices in Europe. This more favourable environment will provide the opportunity for European governments to pursue more expansionary policies without raising existing inflation rates.

Let me be very clear about what I am saying about the link between the American fiscal situation of the past several years, the resulting rise in the dollar and the increasing level of unemployment in Europe. I am certainly not saying that all of Europe's current abnormally high unemployment can be attributed to the U.S. fiscal situation. There is no doubt that European real wages in the 1970s outstripped the natural increase in productivity and forced employers to reduce employment in order to raise productivity to the imposed real wage levels. The contrast between the U.S. and European experience in the 1970s is striking. Between 1970 and 1980, real earnings per hour actually declined in the United States while employment rose more than 25 per cent. But in Europe during the same decade, real wages continued to rise at a substantial rate. The unemployment caused by the excessive real wage was exacerbated by the rigidities of the European labour markets.

Although excessive real wages and basic labour market rigidities raised the European unemployment rates in the 1970s, the rising U.S. dollar since 1980 has led to higher European unemployment because it has induced European governments to pursue contractionary policies designed to offset the inflationary effects of their falling currencies. Because the rigidities of the European labour markets reduce the responsiveness of inflation to the rate of unemployment, it has taken a substantial rise in unemployment in Europe to offset the inflationary pressure that resulted from the rising dollar.

In the future, a protracted decline in the dollar will mean less inflation in Europe and therefore a more real growth of output and employment at any rate of expansion of nominal GDP. The European governments and their central banks may simply accept these more favourable consequences of maintaining the existing growth rates of their monetary aggregates. Alternatively, they could take advantage of the reduced inflationary pressure to raise the rate of money growth temporarily, thereby reducing unemployment more and inflation less.

The likelihood of a significant decline in external demand during the next two years provides a further reason for the European governments to pursue more expansionary policies. Targeted tax incentives aimed at raising the rate of investment would not only help to maintain and expand aggregate demand but would also contribute to achieving the increases in labour productivity that can raise demand for the labour that is currently unemployed because wage levels exceed the potential productivity of the unemployed workers.

The Bonn summit will provide an opportunity for the European leaders to congratulate President Reagan on the progress that he appears to be making toward reducing future budget deficits. They will no doubt want to emphasise the worldwide importance of actually achieving major deficit reduction legislation this year and therefore to encourage him to make the compromises that will be needed to get such legislation through Congress in the months ahead. With the expectation that American budget deficits will decline and that the dollar will fall substantially further, the European leaders can also use the summit to resolve that they will pursue the kinds of monetary and tax incentive policies that will raise output and reduce unemployment in the years ahead.

The author is Professor of Economics at Harvard and a former chairman of the President's Council of Economic Advisers.

Traditional industries

The case for operating across frontiers

By Ian Rodger

MATURE HEAVY industries appear to have little to recommend them these days. Profits in most cases are poor, capacity is usually excessive and the future seems to offer little but further contraction and redundancies.

But on the old silver lining principle, it is becoming apparent that these sectors can provide useful opportunities for learning how to create truly European industries.

Economists have often bemoaned the slowness of European industrialists to fulfil the promise of the European Community by transforming national enterprises into European ones. Many explanations have been advanced for this, and for the failure of some trans-European industrial ventures, such as the Dunlop-Pirelli and Hoesch-Hoogovens mergers.

But despite the failures, no one doubts that the need for trans-European industries is, if anything, greater than ever. The challenge of competing with giant U.S. and Japanese companies is growing in many sectors, thus highlighting the need for as large a "home" market base as possible.

The opportunity in the heavy industries arises from the need in most of them for significant rationalisation. It is a good bet that, in most cases, the rationalisation would be less painful and more likely to lead to a quick recovery if done on a European, rather than a national, level.

This was the idea behind the creation of IBH of West Germany in the construction equipment field a few years ago by acquiring companies from Massey Ferguson, General Motors, Powell Duffryn, Babcock and others. But the company became so preoccupied with acquisitions and sales that it never got around to rationalisation. When the recession hit in the early 1980s, it was too weak to cope, and went bankrupt in 1983.

European-scale rationalisation is curently being attempted in the welding and cast iron pipe industries. In welding, the Swedish group, EASB, has bought out the welding subsidiaries of BOC of Britain and Philips of the Netherlands in the past two years, giving it a very strong position in the European market.

More recently, Pont-a-Mousson, the French pipe maker and subsidiary of the state-owned Saint-Gobain building materials and engineering group, has consolidated that sector through new investments in Italy and Spain and, last month, the acquisition of Stanton & Staveley from the British Steel Corporation.

Iron pipemaking is already an international industry. Iron pipe is used in waterworks, mainly for water conduits but increasingly for sewage as well. Turnover worldwide is around $1.7bn a year, with the main markets in the U.S., Japan and Europe accounting for 70 per cent of annual world consumption of 3.4m tonnes.

However, these markets are mature, and captive to national producers. Of more interest are the markets in the developing countries which spend heavily on infrastructure — when they can afford it. European, U.S. and Japanese producers compete for these markets but in recent years it has turned into brutal, head-to-head battle between Pont-a-Mousson and Kubota of Japan.

Iron pipemaking is already an international industry

Kubota operates from a dominant position in its national market which consumes annually nearly 500,000 tonnes of iron pipe. The French market, by contrast, consumes only 200,000 tonnes, and is increasingly inadequate as a base for Pont-a-Mousson.

However, through its acquisitions in West Germany and Brazil dating from before World War Two plus its more recent moves in Spain, Italy and Britain, it now has a dominant position in the European market, which consumes nearly 600,000 tonnes a year.

The main reason Pont-a-Mousson would go for size is for economies of scale. Pipemaking is a highly automated operation. Molten metal is spun in centrifugal moulds, and then the pipe is passed through various coating processes. As a variety of sizes are involved, producers can cut costs by having long runs of each size.

Another reason for size is the cost of technological development. At first glance, iron pipe making appears a well-established technology, with the centrifugal casting process dating from 1919 and ductile iron making from the 1950s. But the technology of all materials seems to be advancing rapidly these days, and ductile iron is no exception.

Pont-a-Mousson has a large research, development and engineering operation adjacent to its major factory near Nancy. It now employs 170 engineers and spends some FFr 225m a year, about 9 per cent of group turnover. That sort of effort too requires a broad base.

As often happens in trans-European takeovers, Pont-a-Mousson's bid for Stanton & Staveley in Britain ran into considerable political opposition last year. The immediate reaction in government circles, as one insider recalls, was: "What the hell are we doing trying to privatise something by selling it to the French Government?"

But Stanton on its own had nowhere to go. Once Pont-a-Mousson's main rival in world markets, it had languished since becoming part of the nationalised BSC. It still dominates the small UK market (140,000 tonnes a year) but its share of the main export markets dropped from 27 per cent in 1968 to 7 per cent in 1982 and it could not hope to compete in the same cost and technological league with PaM Kubota.

Fortunately, cool heads prevailed and the business was sold to PaM, which has undertaken to maintain the three factories and the workforce, at least for a while.

The French company takes the view that operating on a European scale requires a highly decentralised structure, with national companies having considerable autonomy as long as they perform. M Francis Mer, the chief executive, told the Stanton managers when he first visited them that it was up to them to secure their future by using PaM's resources to the full. That is not an easy challenge but it is a better one than Stanton faced on its own.

Letters to the Editor

Injustice of the Rent Acts

From Mr D. Kidd

Sir,—While Samuel Brittan's article (April 15) advocating the abolition of the Rent Acts is cogent for the utilitarian reasons he ably marshalls, his case would have been unassailable had he mentioned the decisive ground for ridding the statute book of this scourge — namely, the rank injustice of the Acts. The problem with utilitarian reasoning is that it suggests abolition is contingent on its perceived success in reducing unemployment and homelessness.

The injustice of the Rent Acts as they affect landlords is flagrant and shocking. It consists in confiscation of their property without compensation. This is against any civilised concept of law and the Small Landlords Association is pursuing a claim under the European Convention of Human Rights which forbids forced labour and, albeit with wide derogations, protects property to a limited but growing extent. But whether or not the convention is a broken reed does not affect the justice of the landlords' case.

The injustice of the Acts as they affect tenants is less visible but no less shocking. It derives from the fact the Acts operate by creating statutory tenancies not founded in agreement. To achieve this tenants are deprived of contractual capacity. Parliament says in effect to every tenant "Whatever you may feel about it, we are going to make sure your word is not your bond and cannot carry weight with any landlord you may wish to do a deal with. Although you live in a free society based on the principle of self-provision by contract, we are going to make you legal cripples. Because you need protecting by us, we are going to put you in the same position as a person under 18 seeking a loan. No one in their right mind will contract with you." The result is, as Sir Raymond Walton, the High Court judge and author of a work on land law, has written: "The Acts, whilst protecting those lucky enough to find tenancies have successfully ensured that the task of those who have none has been made a virtually impossible one."

It is because it is a matter of right and justice that there is no excuse for the government to delay and temporise over the abolition of these Acts. As Samuel Brittan says this matter is a test of the government's sincerity and earnestness of purpose. If Ministers cannot rid the country of Acts creating artificial shortages, what hope can the nation have that they have the courage and ability to deal with real economic problems.

David J. Kidd,
48 Park Avenue, N.22.

Generating plant

From Mr T. Miller

Sir,—Your news item "Power Stations compete in 'cost' league" by David Fishlock (April 15) gives the impression that the economic scheduling of generating plant is something new. If this was implied by Sir Walter Marshall he was being very unfair to the engineers who developed the method many years ago, and if it was not implied, then your Science Editor is guilty of misrepresenting him.

The engineers who built and operated the Electricity System long before Sir Walter was appointed were well aware that out of merit generation could cost many thousands of pounds per day and were quite capable of scheduling the operation of generating plant to reduce such costs to a minimum.

With existing nuclear power stations it is to be expected that the low running costs would place them at the top of the merit table, but to say that they produce electricity cheaper than the best coal fired stations such as Ferrybridge is invidious. A critical assessment of total cost based upon something less than 100 per cent optimism about construction times and future prices for fuel would show that the cost difference per unit of electricity between nuclear and coal is marginal.

T. Miller,
80, Kings Avenue, SW4.

Trade and diplomacy

From the Director-General, Institute of Export.

Sir,—Some of Mr Richard Oake's comments on trade and diplomacy (April 12) surprise me. Since the days of the so-called Plowden report the diplomatic service have regarded trade promotion as the first call on their resources and I can think of no senior ambassador in recent years whose career did not include at least one trade promotion post. As a former member of the service, I am sure that doing well in trade promotion posts was and is a road to promotion; surely that must make trade promotion work a motivator, quite apart from the motivation supplied by the policy of successive Governments and evident national need and interest.

Mr Oake could be on stronger ground where training is concerned and this Institute would certainly welcome it were the Foreign and Commonwealth Office to send more of their young entrants onto courses leading to our examinations. Nevertheless, much of the detailed trade promotion work is entrusted to locally engaged businessmen, chosen for their knowledge of local markets. My experience as a commercial counsellor is that, quite properly, businessmen expected to tell me about their business and looked to me for an assessment of the local political and economic scene. They needed the Embassy's help with government contacts and could exploit the Embassy's social pull for marketing purposes. In a word, they most needed a service that is best provided by an Embassy that is doing its natural function efficiently.

D. N. Royce.
64, Clifton Street, EC2.

British Telecom shareholders

From the Chairman, British Telecom

Sir,—Your report (April 20) headed "BT share register to top 1.7m" had me saying that large numbers of the shares would quickly find their way into institutional and professional hands.

In fact, I said that the size of the company's share register with over 1.7m shareholders was very encouraging and this confounded the pessimists who claimed that individual shareholders would sell out. The results of a recent MORI survey confirm that almost all of our present investors intend to hold on to their shares.

(Sir) George Jefferson,
81 Newgate Street, EC1.

Huddersfield is handsome

From the Public Relations Officer, Kirklees Metropolitan Council.

Sir,—While applauding the excellent reply from Richard Wainwright, MP (April 10), to the unjustified criticism of Huddersfield town centre by Colin Amery, I feel it is essential to give some additional information on the steps being taken by Kirklees Council to encourage development and preserve Huddersfield's architectural heritage.

St George's Square, containing the famous railway station and high class Victorian buildings, was declared a conservation area in 1968 by Huddersfield County Borough and this conservation area was widened in 1981 by Kirklees to cover the majority of the town centre. As Mr Wainwright points out much restoration work has been carried out by Kirklees on properties in the town centre. Discussions are currently being held with British Rail in connection with refurbishment works to the railway station. Many other buildings have been restored to their former glory and, most important, have been successfully re-let for shopping and business purposes. In addition, new development has only been allowed in a strictly controlled manner and this has further strengthened Huddersfield's role as one of Yorkshire's major town centres. All of this points to a positive commitment by Kirklees and demonstrates growth rather than decline.

Regarding Mr Amery's comments on grand warehouses being empty and a non-conformist chapel being "ripped apart," all I can say is that although, for instance, the former railway goods shed is empty, various proposals have been put forward for its future use. Likewise a scheme has been submitted to the council for the conversion of a chapel into flats. I must stress, however, that there is no way that this council will let buildings of historical interest be "ripped apart." Many buildings are listed and by a careful policy of controlled development Kirklees makes every effort to preserve the town's architectural heritage, while at the same time meeting today's needs of business and commerce.

Like Mr Wainwright, I wonder why Mr Amery chose to make such unfair comments and I can only assume that he visited Huddersfield town centre at 2 am on a foggy Sunday morning.

Norman Daley,
Town Hall, Ramsden Street, Huddersfield.

Software piracy

From Mr J. Morris

Sir,—Your item "Software piracy epidemic" (April 18) reporting a recent case is dangerously misleading. Since the Copyright Act 1956 came into force, computer programs have been protected principally under section 2 of the Act as literary works.

The present Copyright Computer Software Amendment Bill does not seek to alter the existing legal position but merely to give it statutory recognition.

John R. Morris,
Legal Department,
National Computing Centre,
Oxford Road,
Manchester.

FINANCIAL TIMES

Wednesday April 24 1985

Bernard Simon explains why Montreal's Mirabel airport failed to get off the ground

Wanted: Jumbos for white elephant

IT IS EARLY Friday afternoon, the start of the weekend rush at most big-city airports. At Mirabel, north of Montreal, a bullet could be fired down the cavernous concourse without hitting a soul. Not a single suitcase is moving on the terminal's six baggage carousels. On the apron, designed to accommodate 24 aircraft, including 18 wide-bodied jets, stands a solitary aircraft – a cargo flight from the U.S.

Mirabel, hailed as one of the world's biggest and most efficient airports when it opened 10 years ago, is now in the top league of white elephants. The president of Air Canada, the state-controlled airline, Mr Pierre Jeanniot, drew wide support a few weeks ago by suggesting that it was time the Government faced facts and closed the C$500m (U.S.$370m) airport to civilian traffic.

Authorities in Ottawa maintain that Mirabel will stay open, at least for the time being. But they have implicitly admitted that the airport will never meet the grandiose targets set in the early 1970s. In March, the Government agreed to sell back to local farmers the entire non-operational portion of the 88,000 acres of land – an area six times the size of Manhattan – expropriated for the airport in 1969.

Now that the disgruntled farmers can have their land back, talk of Mirabel's becoming a bustling day-and-night North American gateway and cargo hub, with flights unhindered by noise restrictions, has evaporated.

Plans for another four 12,000-ft runways (there are presently two) and five new terminals similar to the 1,140-ft long building that is currently operating at a mere 14 per cent of capacity, have been abandoned.

When work on Mirabel started, planners were confident that the commercial and political benefits of the new airport would outweigh its most obvious drawback – the 35-mile drive from downtown Montreal.

Air traffic projections indicated that Montreal's older airport, Dorval, would reach full capacity in the mid-1980s. Dorval, hemmed in by highways and factories, could not be expanded easily.

In addition, it was hoped that Mirabel would stimulate industrial development north of Montreal. A Quebec Government proposal to site the new airport between Montreal and Quebec city to the east was rejected, apparently because the federal Government did not want to fan the separatist cause by building an international airport close to the provincial capital.

The story of Mirabel over the past decade neatly illustrates the domino effect of a commercial miscalculation. Montrealers preferred Dorval, which is only eight miles from the city, so airlines hesitated to transfer flights to Mirabel.

The slow development of the new airport in turn prompted the authorities to shelve plans for a rapid transit line from Montreal. Not surprisingly, industrial sites at Mirabel remained empty. In 1978, the airport good-naturedly adopted a white elephant as its official logo.

To add to Mirabel's difficulties, political uncertainty in Quebec over the past decade has prompted many businesses and their workers to move from Montreal to Toronto. Instead of bursting at the seams, Dorval airport has continued to operate well below capacity.

The federal Government transferred landing rights of several international airlines from Montreal to Toronto, recognising the latter's emergence as Canada's principal business and financial centre and again rebuffing Quebec's separatist rulers. Aer Lingus and SAS no longer fly to Montreal; British Airways has cut its Montreal flights from 15 to five a week.

The only alternative to closing Mirabel has been to coerce and cajole airlines and passengers to use it. By official decree, all international and charter flights from Montreal must use Mirabel. As a sweetener, the authorities have cut landing fees and fuel taxes.

The only new industrial project of any substance near the airport, a controversial C$514m helicopter plant being built by Bell-Textron Helicopters, was begun only after the federal and Quebec governments agreed to provide grants

Despite those efforts, the Federal Government has had to abandon plans to shift domestic flights from Dorval to Mirabel. CP Air, Canada's second largest airline, threatened to discontinue non-stop flights from Montreal to eastern and western Canada if it was forced to switch airports.

The domestic section at Mirabel is rarely used. The only domestic flight from the airport now is an infrequent service by a small commuter airline to Ottawa. An airport official wistfully recalls Mirabel's busiest day, 17 months ago, when a snowstorm in the north-eastern U.S. forced almost two dozen aircraft to divert to Canada.

Traffic at Mirabel picked up by 15 per cent last year, and is expected to rise again in 1985. Olympic Airlines, Varig and Aerolineas Argentinas have begun flights in the last few months. It remains to be seen whether the airport's fortunes are now improving, or whether it will remain a costly monument to the fallibility of politicians, economic forecasters and planners.

THE LEX COLUMN

An easy line at the Fed

The Federal Reserve's decision to ease monetary conditions in response to the gathering evidence of an economic slowdown is straight out of the textbook. The Fed has shifted its stance in the past when GNP growth has fallen below around 2 per cent, and all the latest numbers – including yesterday's further decline in durable goods orders – suggest that the first-quarter GNP figure was no flash in the pan.

Yet this time the Fed has acted with decisiveness and bluntness uncharacteristic of so refined an institution. It has gone out of its way to add reserves throughout the month and on Tuesday purchased more than $2bn of bills direct from the market, as subtle a manoeuvre as advertising lower interest rates in neon lights outside the Federal Reserve building.

For the moment the Fed seems to have called a halt. It has signalled its unhappiness with a federal funds rate as low as 7½ per cent and is keeping the market guessing about the possibility of a cut in the discount rate from 8 to 7½ per cent. If it were to take that step – and so leave room for a funds rate of around 7¼ per cent – the market might well suspect some deeper purpose.

Wall Street, after all, is almost unanimous in expecting some recovery in economic growth, the debate being about whether it will emerge in this quarter or next. And, while the monetary aggregates are tame enough at present, it is reasonable to expect an acceleration next month as delayed tax rebates are paid out. Even if the Fed has shifted the emphasis from the control of money to the stimulus of growth, it cannot be happy to see a quickening of consumer price inflation at a time when the dollar is weakening.

The Fed's recent endorsement of lower short-term rates has not entirely convinced a bond market which, at the long end, is offering a yield premium of around 300 basis points over Treasury bills. An upward sloping yield curve is nothing new on Wall Street, and the debt markets, after a strong rally, will be reluctant to push too far in advance of next month's $20bn dollar funding programme. But there is at least a suspicion that the Fed is now acting as much to pre-empt failures in the financial community as it is to stimulate economic growth.

Stock Conversion

By delaying any bid for Stock Conversion for at least six months, Stockley has wisely chosen to take two bites at the cherry – had it taken one, it might have choked on the stone by issuing too much paper at once. As it is, yesterday's vendor placing for part of the 22.4 per cent stake apparently went without a hitch, and Stockley's shares lost 4p to close at 73p, still above the 70p placing price. Those shareholders who were not approached yesterday will soon have a welcome chance also to buy shares at 70p.

Depending on how the loan stock is valued, Stockley has paid around 560p to 570p a share for its stake. But having taken a close look at Stock Conversion's assets, Stockley still thinks the price justified. Since its own shares were probably already on a premium to their net asset value, it looks as if this deal will have involved no asset dilution – if anything, Stockley's asset backing may have been enhanced.

The structure of the deal bears the J. Rothschild Holdings stamp: fiendishly complicated but cleverly designed to suit the purchaser. The 5 per cent interest on the loan stock, for instance, was necessary since Stockley could not have afforded to pay a market rate with this year's likely stream of rental income. As it will presumably have to pay JRH close to normal rates within two years on its £38m loan, Stockley must hope to be earning rather more by then.

One way to do that would be to win control of Stock Conversion, and it is a fair bet that a bid will be made once the six months are up. Any white knight would have to offer enough to give Stockley a fair profit on its stake. Meanwhile, the 545p payable to JRH for its 4 per cent holding seems to set a minimum price for any bid, which makes yesterday's price for Stock Conversion of 485p, down 7p, look rather uncharitable.

Impasse on EEC farm price package

BY IVO DAWNAY IN BRUSSELS

EEC farm ministers last night abandoned their search for agreement on a package of agricultural prices for 1985-86 after another fruitless two-day negotiating session.

A compromise plan, tabled by the Italian chairman of the meeting, appeared to have achieved nothing beyond raising the expectations of several member states for a more generous final deal. It failed completely to satisfy West Germany's consistent demand that there should be no cuts in cereals prices – a position opposed both by the nine other countries and the European Commission, which is calling for a 3.6 per cent price cut.

Sig Filippo Pandolfi

Impatience with Herr Ignaz Kiechle, the West German minister, is now reported to be mounting among his colleagues. It is also said to be breeding anger and frustration among the Community's farmers who are anxious to have a clear picture of price levels for the new marketing year.

A package should have been agreed by April 1 and last night one senior French farm union leader promised a large demonstration by farmers when the ministers resume their talks next month in Luxembourg.

The impasse, uncommon even by Community standards, is now raising the question among observers as to how long Sig Filippo Pandolfi, the Italian chairman, can resist the pressure for a vote. Although Herr Kiechle has strongly hinted he will veto any cereals price cut, there is intense psychological pressure on West Germany to conform to the wishes of the majority.

Nevertheless, elements in the Italian compromise, particularly those weakening the effects of Commission proposals for restraining dairy and fruit and vegetable surpluses, will now have raised the hopes of farmers for a more generous, and costly, final outcome.

Sharp loss for U.S. airlines

By Terry Dodsworth in New York

UNITED AIRLINES, the largest carrier in the U.S., and People Express, the nation's leading discount airline operator, both declared losses yesterday for the first quarter of 1985.

In results that underlined the fierce competition that has continued on U.S. routes this year, UAL, the parent company for United, said it had made a net loss of $661,000 for the quarter against a profit of $25.6m, or 56 cents a share, in 1984. People declared a net loss of $18.8m against a profit of $18,000 in the same period last year.

People's effort to expand its route network during the period was illustrated by the exceptional jump in its operating revenues from $108m to $195m. At the same time, however, the cost of putting on the extra capacity also sent its costs soaring, with operating expenses rising from $103m to $202m.

Yesterday, People said that these cost problems were being corrected through price increases.

The expansion of the discount carrier, which had earlier forecast losses for the quarter in the region of $20m to $25m, has been a major factor in depressing earnings of other carriers, including United. Competitors have both lost some market share and been forced to compete on prices.

The pressure on prices is evident in UAL's figures, which show revenues falling from $1.65bn for the quarter to $1.59bn.

In the airlines' activities alone, losses were $3.2m against profits of $23.2m last year. Mr Richard Ferris, chairman, said that revenue per scheduled passenger mile fell to 10.56 cents from 12 cents in 1985.

United said that last year's profits were inflated by a gain of $5.4m, or 15 cents a share, from a debt exchange transaction.

Three English cities go for Olympic gold

BY WALTER ELLIS IN LONDON

ENGLAND'S three largest cities, London, Birmingham and Manchester, are fighting it out for the prestige and – they hope – the profit of hosting the 1992 Olympic Games. The competition is intense, and no city is giving any concession in the UK qualifying rounds.

Ever since the example of Los Angeles last year, which made a reported $250m return on its investment in the games, the Olympics have begun to look like legitimate business as well as global spectacle. Everyone is going for gold.

Sir Alan Traill, Lord Mayor of London, yesterday announced a vicarious bid – on behalf, vaguely, of the neighbouring city of Westminster – for the games. The Greater London Council is expected to be abolished.

Meanwhile, the self-styled Manchester Olympic Bid Committee declared that its own application was both "credible and powerful," while Birmingham Leisure Committee let it be known that it had the capacity to "make this dream come true."

Needless to say, Britain is not going to have it all its own way. Among other cities anxious to get their hands in what, post-LA, is now seen as a cookie-jar are Amsterdam, Rotterdam, Barcelona, Paris, Belgrade, New Delhi and Brisbane.

Even promoting the suggestion is now big business, never mind the event itself. Millions of pounds are believed to be chasing the endorsement of the International Olympics Committee, headed by Spain's Sr Juan Antonio Samaranch, and PR and consultancy firms seem certain to make a killing in the pre-Olympic qualifying competition.

Here, perhaps, Manchester has the edge. It has hired Arthur Young, the accountancy practice which advised Los Angeles, and one of the bid committee's first acts has been to call on the British Olympic Association to repudiate suggestions that it would back London for the games.

Nor is Manchester more charitable towards Birmingham. "With all due respect to Birmingham," Manchester avers, "the scheme they have announced has already been underway (here) for nearly 12 weeks, and we are already deep into the sorts of things they are starting to do now."

Over to Birmingham: England's second city is planning a feasibility study first and hopes to make a firm bid by June. It hopes to overcome some "acknowledged deficiencies in facilities" by involving the neighbouring "towns" of Leicester and Nottingham.

London, of course, is the obvious UK choice, even if rowing and sailing events had to be held elsewhere. The docklands area, just east of the City of London, is frequently referred to as a prime site – in combination with Wembley and Crystal Palace – and one plan would be for the construction of an Olympic Village that would subsequently be turned over to the local boroughs in and around the Isle of Dogs.

For years, the Olympics were regarded as a kiss of death economically, bearable only because of the undoubted short-term prestige attached to the host city. Montreal almost went bankrupt in 1976, while Moscow's troubles four years later could only be guessed at following the U.S. boycott.

Los Angeles changed everything. Astute wheeler-dealing, coupled with appeals to patriotism, caused the city to come out well ahead of its investment, despite the fact that the games laid on – without the participation of the Soviet Union and its major allies – were probably the most lavish ever.

Whether any UK location can make it is open to debate. The British Olympic Association is to consider British bids at a meeting on July 12 and should decide then which to support as the official candidate.

Bethlehem Steel and Armco hit by imports

BY OUR FINANCIAL STAFF

THE SEVERE inroads made on U.S. steel producers by foreign competitors were underlined again yesterday in losses reported at both Bethlehem Steel and Armco.

Armco, the smaller but more diversified of the two, suffered a first-quarter net loss of $35.1m, or 55 cents a share, compared with earnings in the same period of 1984 which reached $160.6m, or $2.38 a share. Sales shrank from $967.8m to $919.5m.

The result for the latest quarter excludes an extraordinary gain of $12.6m from its aerospace and strategic metals side, which, it said earlier this month, would form part of an asset sell-off programme as part of its attempts to return to financial health.

Similarly, the figure for the comparable 1984 quarter was struck before charging debits of as much as $104.3m on discontinued operations. Taking both these provisions into account, the loss this time emerged at $22.5m against earnings of $56.3m.

It said the sale, now completed, of much of its commercial finance and leasing business would allow it to eliminate about $535m of debt in its financial services operations. The company meanwhile blamed high production costs and continued price discounting for the poor quarterly result.

The net deficit at Bethlehem Steel widened to $82.1m, compared with $54.6m a year earlier, also on sales which fell to $1.21bn from $1.33bn.

But Mr Donald Trautlein, chairman, said Bethlehem expected to be "marginally" profitable in the current three months. The second quarter of last year was the company's only profitable quarter for the past two years, with operating net earnings of $2m.

Mr Trautlein said the remainder of 1985 would depend largely on the success of the federal recovery programme for the steel industry. Shipments in the present quarter were still lagging behind those of a year ago because of heavy competition from imports, he added.

Pretoria holds three top UDF officials

Continued from Page 1

ter flying from Durban to meet trade union leaders in the troubled eastern Cape, scene of continuing violence that has cost at least 40 lives in recent weeks.

Establishing closer links between the UDF and the trade unions and increasing the UDF's presence in rural areas were two of the policy priorities agreed at the UDF's third congress, which took place over the Easter weekend at the Indian township of Azaadville, 25 km from Johannesburg.

The congress also announced it would step up its programme of non-violent civil disobedience campaigns against apartheid

The UDF, which was formed 18 months ago to co-ordinate opposition to the new tri-cameral constitution, claims more than 2m members in over 600 organisations, including trade unions, church organisations and local interest groups.

● President Kenneth Kaunda of Zambia predicted "a violent explosion" in South Africa within two years "unless the 4m white Africans change their stance."

In an interview with the Johannesburg Financial Mail he urged the South African Government to release Mr Nelson Mandela, jailed leader of the ANC. "The first thing is the release of Nelson Mandela, talk to the ANC through him and let's see what happens, but you've got to have a beginning to stem this black anger in the African masses," he said.

Gorbachev attacks U.S. over arms talks policy

Continued from Page 1

Both Mr Ligachov and Mr Ryzhkov are secretaries in the Central Committee. As head of its Organistional Party Work Department, Mr Ligachev, 64, has played an important role in promoting significant changes in the senior party personnel who rule the Soviet Union.

Like the two other men promoted yesterday, Mr Ligachev's prominence is comparatively recent and came primarily through President Yuri Andropov, who created a new cadre of senior leaders during his brief tenure of power after the death of President Leonid Brezhnev in 1982. Mr Ryzkov, 54, has been in charge of economic reform, the necessity for which has been a main theme of Mr Gorbachev's first weeks in power.

Mr Chebrikov, 62 next week, became head of the KGB under Mr Andropov, to whom he had long been deputy. He made a number of speeches last year in which favourable mentions of President Chernenko, obligatory in public oratory in the Soviet Union at that time, were notably few.

Record loss for Renault

Continued from Page 1

industrial and high-technology branches.

A key component of the recovery programme is bound to involve additional job cuts. But M Besse appears to be under pressure from the Government not to rock the boat too quickly and provoke a serious confrontation with the pro-Communist CGT union, which has been gearing itself up in recent months for battle against Renault.

Of the FFr 4.5bn provisions made by M Besse, around FFr 2bn involve the cost of covering about 8,000 job cuts this year through early retirements. Renault is hoping to shed a further 1,000 to 1,200 jobs this year by immigrant workers accepting incentives to return to their homelands.

Under the current job restructuring programme, Renault's French car operations would employ about 89,000 people at the end of this year compared with about 103,000 at the end of 1983. Many analysts believe, however, that Renault will need to reduce its French workforce by a further 10,000.

Of the FFr 8bn in fresh funds that Renault is seeking immediately, the French Government has already said it would advance the group FFr 3bn in new capital endowment funds this year. Renault is hoping to raise the balance through soft loans.

The group's long-term debts rose to FFr 40.7bn at the end of last year

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	F	17	63	Malaga	F	17	63	Salzburg	F	17	63
Akrotiri	F	20	68	Faro	C	14	57	Malta	F	20	68	Seoul	C	10	50
Algiers	S	21	70	Florence	—	—	—	Manila	S	36	97	Singapore	R	30	86
Amsterdam	C	8	46	Frankfurt	F	14	57	Miami	S	25	77	Stockholm	F	4	39
Athens	F	19	66	Funchal	C	16	61	Milan	S	19	66	Strasbourg	C	14	57
Bahrain	S	32	90	Geneva	S	17	63	Moscow	C	17	63	Sydney	C	17	63
Bangkok	S	35	95	Gibraltar	F	17	63	Munich	F	14	57	Taipei	S	30	86
Barcelona	F	16	61	Guernsey	C	9	48	Nairobi	F	23	73	Tangier	C	16	61
Beirut	S	20	68	Helsinki	F	4	39	Naples	—	—	—	Tehran	—	—	—
Belgrade	C	21	70	H. Kong	S	26	79	New Delhi	S	37	99	Tel Aviv	—	—	—
Berlin	C	8	46	Innsbruck	C	14	57	New York	C	30	86	Tenerife	F	22	72
Biarritz	R	9	48	Inverness	F	7	45	Nice	S	18	64	Tokyo	S	21	70
Blackpool	F	8	46	Istanbul	S	15	59	Oporto	C	13	55	Toronto	C	26	79
Bordeaux	C	16	61	Jersey	F	10	50	Oslo	S	7	45	Tunis	F	18	64
Brussels	C	8	46	Jo'burg	S	23	73	Paris	C	11	52	Valencia	F	20	68
Budapest	S	21	70	Las Palmas	F	20	68	Prague	F	13	55	Venice	S	16	61
B. Aires	R	20	68	Lima	S	22	72	Reykjavik	Fg	6	43	Vienna	S	19	66
Cairo	S	24	75	Lisbon	R	9	48	Rio de J'o	S	29	84	Warsaw	C	17	63
Cape Town	F	19	66	Locarno	S	18	64	Rome	C	16	61	Zurich	C	14	57
Caracas	C	28	82	London	F	9	48								
Casablanca	C	17	63	Los Angeles	F	21	70								
Copenhagen	Sn	2	36	Luxembourg	S	10	50								
Corfu	F	17	63	Madrid	C	12	54								
Dublin	C	8	46	Majorca	F	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun
Sl–Sleet Sn–Snow T–Thunder H–Hail

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday April 24 1985

Merrill Lynch triples earnings to $55m in buoyant trading

BY WILLIAM HALL IN NEW YORK

MERRILL Lynch, the world's biggest brokerage firm which has been struggling to control its rapidly rising expenses, nearly tripled its first-quarter net income to $55.6m.

The company's revenues rose 14 per cent to $1.6bn for the 13 weeks to end-March, while its total expenses grew by 8 per cent. Merrill says that the improvement was due largely to higher stock market volume, favourable interest rate movements and close control of expenses.

The company, whose return on equity dropped to 5 per cent in 1984, says that the first-quarter results demonstrate that its tight cost containment and basic restructuring efforts are taking hold. However, the work has only started, and Merrill says that it is "dedicated to continued unrelenting efforts to control expenses while laying the foundation for healthy growth."

Despite the sharp jump in fully diluted earnings per share from 21 cents to 58 cents, the company announced an unchanged quarterly dividend of 20 cents a share, payable on May 22 to stockholders of record as of May 3.

Merrill's commission revenues were the highest since the second quarter of 1983, and its principal transaction revenues were the highest since the first quarter of 1983.

Mr Roger Birk, who is scheduled to step down as chairman in July, and Mr William Schreyer, the group's chief executive, said that the most important and certainly the encouraging trend was shown on the expense side.

The group's fixed and semi-fixed expenses grew by only 2 per cent over the year. If occupancy expenses are omitted, then expenses are 4 per cent down on the 1984 level. The two executives say that the company is on the right track in its cost control efforts.

Merrill's commission revenues rose 6 per cent to $379m, reflecting strong stock market activity and buoyant mutual fund sales. However, activity in commodities and money markets instruments fell. Revenues from principal transactions rose 59 per cent to $212m as fixed income trading benefited from lower interest rates and effective positioning.

The group's investment banking revenues rose 23 per cent to $118 and real estate revenues rose 15 per cent to $125m. Lower mortgage rates stimulated home sales. A sharp rise in funds under management from $39bn to $51bn led to a substantial increase in fee income in this area.

Atlantic Richfield hit by reduced margins

BY OUR FINANCIAL STAFF

ATLANTIC Richfield, the sixth biggest U.S. oil company, has reported a further fall in quarterly net income because of lower oil product margins, higher expenses and falling chemical sales volumes and margins.

First-quarter net earnings fell 11 per cent from $395m or $1.53 a share in the 1984 quarter to $352m or $1.47. The 1984 figures include a $17m loss in the company's metal operations, which have since been written off.

Sales in the latest quarter slipped from $6.5bn a year ago to $5.8bn. For all 1984, the company reported net profits of $567m, primarily reflecting the $785m write-off, on sales of $24.6bn.

Arco said after-tax earnings from worldwide oil and gas exploration and production were $339m in the latest first quarter, down $35m from the 1984 period. Worldwide production of crude oil and natural gas liquids averaged 723,400 barrels a day in the first quarter, against 710,800 a year earlier.

Earnings from chemical operations were affected by the strong U.S. dollar, which depressed export volumes and increased imports.

Meanwhile Ashland Oil, the big Kentucky-based independent oil refiner, reported earnings for the second quarter ended March 31 of $14.1m or 22 cents a share, compared with a profit of $5m.

Phibro Salomon advances to record

By Terry Dodsworth in New York

PHIBRO-SALOMON, the U.S. investment bank and commodity trading house, announced an 18 per cent jump in earnings from $120m to a record $141m in the first quarter of 1985. Earnings per share rose by 14.5 per cent from 84 cents to 96 cents, while revenues fell from $6.65bn to $6.17bn.

Quarterly pre-tax profits rose even more strongly from $176m to $238m. But the effective tax rate also rose by 9 per cent against 1984 because a larger share of consolidated earnings came from U.S. operations, pushing the tax bill up from $56m to $97m.

On a pre-tax basis, profits in the securities market-making, underwriting and research segments of the company's business rose by 30 per cent from $134m to $174m. Pre-tax profits were also buoyant in Philipp Brothers, the commodities division of the group, rising by 33 per cent from $76m in 1984 to $101m.

Skanska down 44% in full year

By Kevin Done in Stockholm

SKANSKA, the leading Swedish construction and investment group, suffered a big drop in profits last year with a fall of 44 per cent to SKr 919m ($105m) from SKr 1.63bn in 1983.

Invoiced sales rose by 21 per cent to SKr 14.7bn from SKr 12.16bn in 1983, but there was a substantial drop in the volume of contracts credited to income which helped to depress profits.

The value of contracts credited to income dropped to SKr 11.7bn from SKr 14.8bn the year earlier. Of total sales some SKr 3.3bn was derived from foreign contracts compared with SKr 2.7bn in 1983.

An unchanged dividend of SKr 2 per share is to be paid for 1984. Earnings per share dropped to SKr 7.50 from SKr 12.50 in 1983.

Data General profits fall 36% in second quarter

BY OUR FOREIGN AND FINANCIAL STAFF

DATA GENERAL, the major U.S. minicomputer group, yesterday reported a 36 per cent drop in second-quarter profits and announced it is to close down U.S. manufacturing operations during the Memorial Day and Fourth of July weeks this year.

The profits drop, which the company had warned Wall Street to expect as long ago as February, comes amid a general earnings downturn in the computer industry, headed by IBM. Digital Equipment (DEC), the world's second biggest computer manufacturer, has also reported a 10 per cent earnings decline in the third quarter, despite an 18 per cent gain in revenues.

Massachusetts-based Data General, posted net profits of $9.1m or 34 cents a share in the second quarter ended March 30, against $14.2m or 55 cents a share a year earlier. In the first quarter of the latest year, Data General made net profits of $23m, so the six-month profits total is $32.1m or $1.21 a share, against $24.3m or 95 cents.

Revenues rose from $273.9m to $320.2m in the latest quarter, and from $514.2m to $653.9m for the first six months.

Mr Edson de Castro, president, said several economic factors were contributing to a slackening in capital goods spending and weakened order rates, although no single factor stood out.

He warned that third quarter earnings may not exceed those of the second quarter, and earnings for the year may not exceed the $79.8m recorded in the year ended September 30.

Digital Equipment said third-quarter earnings fell to $91.69m, or $1.52 a share, compared with $101.85m, or $1.77 a year earlier on revenues which grew to $1.69bn from $1.43bn. The earnings decline which ends a run of five consecutive quarterly year-on-year earnings gains – underlines the current downturn in the U.S. computer industry.

Mr Kenneth Olson, DEC's president, noted that the revenue growth exceeded most other companies in the computer industry. But he added that sales in the U.S. reflected cutbacks in capital spending in many industries

Despite the third-quarter earnings decline, the latest results lifted the Maynard, Massachusetts, group's nine-month earnings to $346.2m, or $5.77 a share.

Xerox sells publishing units in reorganisation

BY PAUL TAYLOR IN NEW YORK

XEROX, the diversified U.S. office products group, took another major step towards reorganising its business operations by announcing the planned sale of its publishing companies for over $500m.

The group, which is expected to launch a new corporate strategy and a raft of new products – including an agreement under which it will sell a personal computer made by Olivetti of Italy – later this month, said it has reached preliminary agreements with four prospective purchasers of its six publishing companies.

Under the terms of the agreements, which are expected to be completed late next month or in early June:

- International Thomson Organisation, the Canadian publishing group, will acquire R. R. Bowker of New York, University Microfilms International of Ann Arbor, Michigan, and Autex Systems Massachusetts, through its U.S. holding company;
- Gulf and Western will acquire Ginn and Co of Lexington, Massachusetts. Ginn, founded in 1867, was acquired by Xerox in 1968;
- Times Mirror will pay in "excess of $100m" for Xerox Learning Systems (XLS);
- Field Corp of Chicago will acquire Xerox educational publications.

Warner lower but underlying trend improves

By Our New York Correspondent

WARNER Communications, the U.S. film and publishing conglomerate, announced first-quarter net earnings of $21.5m, or 31 cents a share, against $30.9m, or 44 cents, in the year-ago period. Revenues increased by 19 per cent from $471.7m to $562.9m.

The figures mask the underlying uptrend in Warner's performance, which was helped last year by extraordinary gains on businesses which have been discontinued. Profits on these discontinued operations amounted to $23.7m in 1984, leaving the net figure for the continuing operations of $7.16m, or 10 cents a share.

Gains on the discontinued activities included $66.6m on the sale of the cosmetics and fragrance business, which more than offset a loss of $42.9m on other discontinued activities.

Mr Stephen Ross, chairman, said that operating income in the record division achieved an all-time first-quarter high in 1985.

Asset sales in the first quarter of this year had enabled the group to reduce total debt to approximately $630m.

Alcan suffers sharp decline

BY ROBERT GIBBENS IN MONTREAL

NORTH AMERICAN aluminium ingot prices, kept low by the high U.S. dollar, brought a sharp decline in earnings of Alcan Aluminium in the first quarter. However, the European operations, including the UK, continued to benefit from the dollar's strength.

Alcan has begun a major rationalisation programme to reduce overheads in North America and will take a special charge later this year.

First-quarter net income was U.S.$30m, or 30 cents a share, on revenues of $1.41bn.

Retail operations hold back Sears Roebuck's growth

BY TERRY BYLAND IN NEW YORK

SEARS ROEBUCK, the world's largest retailer, lifted first quarter net earnings by 4.4 per cent to $223.3m after a 4.8 per cent growth in revenue to $8.77bn.

Improved results from the group's financial services and real estate divisions helped offset a downturn in merchandise operations. Mr Edward Telling, the chairman, said the results were achieved "despite a slowdown in the economy and a highly competitive marketplace."

The merchandising divisions, which account for nearly 70 per cent of group sales through the chain of retail stores, catalogue and telephone sales operations, reported a fall in earnings from $1.6m to $76.5m, despite a gain of 0.8 per cent to $5.50bn in sales.

But on the financial servides side, there was a substantial recovery at Dean Witter financial services, as revenues were boosted by the renewed surge in securities trading on Wall Street during the quarter. Net income at Dean Witter jumped from $1.5m to $4.1m, on revenue of $658.7m against $577.4m.

The Coldwell Banker real estate group also did well, lifting income by 29 per cent to $31.5m due largely to sales of shopping centres. Revenues advanced from $170.4m to $184.2m.

At Allstate Insurance, income showed a modest gain from $143.5m to $144.3m but was held back by poor underwriting results. Investment income advanced and the strong stock market brought capital gains.

Price cutting adds to Goodyear's difficulties

BY OUR FINANCIAL STAFF

GOODYEAR TIRE and Rubber, the world's largest tyre producer, suffered a 22.4 per cent drop in its first-quarter net earnings to $86.7m from $111.8m – a decline from $1.06 to 81 cents a share. Sales were down 1.6 per cent to $2.48bn from $2.52bn.

The company was hit hard by a decline in the U.S. replacement tyre market, compounded by price cutting "by some competitors attempting to gain market share," according to Mr Robert Mercer, chairman.

In addition, Goodyear's Valley Field, Quebec, plant was hit by a strike, while the strength of the dollar hit profits from foreign subsidiaries as translated into dollar terms and gave foreign competitors a price advantage in the U.S. market.

Foreign profits fell about 40 per cent as a result of the Canadian strike and the dollar's strength, to $11.8m, on foreign sales of $773.7m against $793.4m in the same quarter last year.

U.S. profits fell 18.4 per cent to $74.9m from $91.8m on sales down slightly to $1.69bn from $1.72bn.

An additional factor making Goodyear's profit performance in the first quarter of 1985 look less strong than a year earlier was a $13.8m tax credit in the first quarter of 1984. Extraordinary gains from disposals at $5.7m in the first quarter of 1985, were only slightly up on the $5.5m gained a year earlier.

Sandoz expects improvement

BY JOHN WICKS IN BASLE

SANDOZ, the Swiss chemical company, expects further good results this year, although the rate of growth may not match the figure achieved in 1984, according to Dr Marc Moret, the group's management chairman.

Earnings rose 28 per cent to SwFr 411m ($165.7m) after a 13.6 per cent increase in turnover during 1984, and the board has proposed a higher dividend of SwFr 90.

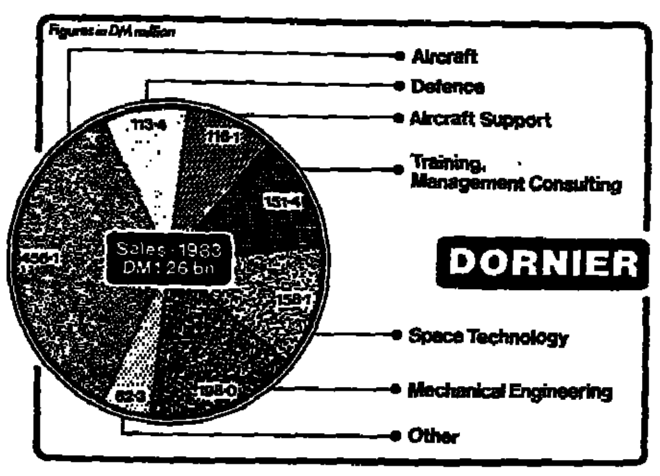
Dr Moret said 1985 "had got off to a good start"

Peter Bruce in Bonn reports on the end of a corporate dog-fight

The Dorniers succumb to Daimler

EVEN AT THE END, the Dornier family, owners of West Germany's second largest aerospace company, proved themselves a stubborn and divided lot. It took more than 20 hours of negotiation, starting early on Monday morning in Stuttgart, to prise the company away from the family to see it into the hands of another German manufacturing legend, Daimler-Benz.

Yet Herr Lothar Spaeth, premier of Baden-Wurttemburg, whose fears that the ruling group of brothers were on the brink of moving large parts of the company over to next-door Bavaria led him to ask Stuttgart-based Daimler to bid, canot be sure he has finally won.



Yesterday's agreement still has to go before the traditionally strict Cartel authorities in Berlin, but even more threatening is the fact that one of the brothers, Claudius (the eldest son of founder Claude Dornier) has not given his blessing to the Daimler takeover. It is an irony that Claudius has long wanted to sell his stake to finance a private aircraft venture but he has been interested only in selling within the family.

Probably his father's most devoted son, Claudius has been insisting that the late Claude's will be followed to the letter, particularly where it calls on the brothers to keep Dornier in the family as long as possible.

Claudius has first refusal on any shares sold by his brothers and Herr Spaeth and Daimler have given him until May 15 to buy them. He does not have the money, but given the emnity which exists between him and the brother currently in control (Justus), who has agreed to sell, Claudius may just try to find someone to back him.

Mannesmann, for instance, made it clear last week they were very keen to buy Dornier. Mannesmann's weak connections with Stuttgart probably counted against it.

After the Stuttgart talks, in fact, Claudius now owns more of the company than he did on Sunday. To make the talks simpler Herr Spaeth had to get the lawyer holding some 28 per cent of the stock following the death late last year of the founder's widow, Anna, to give this out in equal shares to the brothers. Peter Dornier then sold his extended holding to the other five in return for a 100 per cent stake in the Dornier knitting machine business which he has been managing.

Justus, Ellen (widow of one brother) and Christoph then sold their 20 per cent shares to Daimler and Silvius sold 8 per cent of his stock to Daimler and 4 per cent to Baden-Wurttemburg, leaving him still holding 8 per cent. Herr Spaeth said the state had paid DM 23m ($7.6m) for Silvius's 4 per cent, which probably means the entire 72 per cent in Dornier has gone for around DM 400m.

Assuming Claudius does allow the sale to go through unimpeded, what has Daimler-Benz bought? Claude Dornier founded the company just over 50 years ago, having done his design apprenticeship with Graf von Zepplin during the First World War. Headquartered today at Friederichshafen on the Bodensee (Lake Constance), the group made its mark during the war, supplying the Luftwaffe with heavy fighters and bombers, but now does less than 40 per cent of its business in aircraft.

In 1983 the group made net profits of DM 26m on a turnover of DM 1.26bn. Last year's profits have not been made public but turnover is reckoned to have grown to DM 1.5bn. That would represent a sizeable 3.75 per cent of Daimler's present sales.

The company is also in the throes of a minor revolution. During the seventies, it made most of its money building the highly successful Alpha-jet, along with Dassault of France, as a trainer for the Luftwaffe. Those orders have dried up, leaving, nevertheless, lucrative service and maintenance contracts in their wake.

It was the establishment in 1963 of Dornier System that makes the group exciting today. System was first used to do little more than design instruments for Dornier aircraft, but it is rapidly becoming one of West Germany's most important centres for aircraft and spacecraft innovation, and is heavily involved in a wide range of missile programmes, particularly in guidance systems.

Herr Lothar Spaeth, Baden-Wurttemburg's premier: cannot be sure

Banque Indosuez attains 34% growth for year

BY DAVID HOUSEGO IN PARIS

BANQUE INDOSUEZ, the French banking group, increased consolidated profits last year by 34 per cent to Fr 505.3m ($59.8m) with the bank's own earnings rising by 20 per cent to FFr 216m.

The improvement in net earnings, which is well ahead of the average profit growth for French banks, was broadly based. The group has been one of the most active among French banking groups in adapting itself to international changes in financial markets.

M Antoine Jeancourt-Galignani, the managing director, said earnings had been boosted by the strength of the dollar and by the drop in interest rates in France. Of total earnings 55 per cent came from abroad, though the contribution of the group's Saudi interests—accounting for about 25 per cent of group profits through Al al Saudi al Fransi Bank—registered a small decline.

The group had an advantage over its competitors in the French domestic market as interest rates fell because it raises a high proportion of its funds on the money market. The main deposit-taking banks have had their margins squeezed by the decline in rates because of the high costs in France of administering deposit accounts.

The sharp increase in profits was after making FFr 3.3bn provisions — up 27 per cent from 1983 and slightly higher than the average level among French banks.

The total balance sheet rose by 17 per cent to FFr 248.6bn. At a constant dollar exchange rate the increase would have been 7 per cent.

Consolidated loans rose by 20 per cent to FFr 105.9bn compared with an increase of 28 per cent in 1983 — a slow-down due to the group's French and Middle East activities.

After raising FFr 1.5bn last year to strengthen its capital base, the group said yesterday that it had no plans for cash calls this year. The bank's capital-to-loan ratio is one of the strongest among French banks.

Exclusive of interest payments on *titres participatifs* — the profits-related bonds which nationalised institutions can issue to strengthen their capital base — profits rose by 49 per cent to FFr 561.5m. Though this is the figure that will appear in the published accounts, the bank considers the 34 per cent increase a more accurate indicator of its performance.

Spanish contractor 80% ahead

BY DAVID WHITE IN MADRID

DRAGADOS y Construcciones, the leading Spanish building contractor, reports an 80 per cent improvement in net profit to Pta 1.44bn ($8.6m) last year, thanks to a sharp increase in its export business.

However, Sr Antonio Duran, the chairman, expressed concern about delays in payment on some overseas contracts. This was recently the case in Algeria, Dragados's main foreign client. It also currently affects Spanish companies operating in Libya.

Libya's delay in paying Spanish contractors is cited as the main reason behind a decision by another major civil engineering group, Constructora Internacional, to file for temporary receivership.

Dragados, in which Banco Central has an important shareholding, is putting Pta 682m of its profit into reserves, up from Pta 40m last year, and maintaining its dividend at 12 per cent.

Turnover last year rose 8 per cent to Pta 148.8bn, with a 5 per cent drop on the depressed Spanish market to Pta 91.3bn.

This was offset by a 38 per cent increase in turnover abroad to Pta 57.5bn. Half of this — Pta 29.3bn — came from Algeria, where the company, as part of a Swiss-Spanish consortium, expects shortly to finalise a water system contract for the city of Oran.

Two German chemical groups to pay more

BY JOHN DAVIES IN FRANKFURT

TWO OF West Germany's big three chemical groups have substantially increased their dividends after the sharp rise in their profits last year.

BASF and Hoechst are paying DM 9 dividend per share, as widely expected, compared with DM 7 on their 1983 results.

Hoechst disclosed yesterday that its world-wide pre-tax profit rose 16 per cent to DM 2.85bn ($837m) last year, while BASF has already put its group pre-tax earnings at DM 2.52bn, up 50.2 per cent.

Bayer, the other member of West Germany's "big three," is expected to announce its dividend today. Its world-wide pre-tax profits rose 34 per cent to DM 2.9bn last year.

All three companies have been benefiting strongly from economic recovery at home and abroad, especially in the U.S., while the strong dollar has increased their U.S. earnings in terms of D-marks.

The surge in profits also reflects the success of all three groups in dealing with losses or excess capacity in problem areas in recent years.

After tax, Hoechst's world-wide net profit reached DM 1.35bn last year, compared with DM 909m in 1983. The parent company's net profit increased to DM 591m, after DM 437.5m.

BASF showed a 73 per cent rise in its group net profit to DM 895.4m. Bayer has not yet disclosed its net earnings.

Hoechst confirmed that Dr Wolfgang Hilger would take over the chief executive's job from Professor Rolf Sammet in June.

Philips chief to step down

DR WISSE DEKKER, president and chairman of Philips the Dutch electricals group, is to step down in April next year. He will be succeeded by Mr Cor van der Klugt, his deputy, Jason Crisp writes.

The surprise announcement was made yesterday at Philips annual meeting in Eindhoven. Dr Dekker, 61 next Friday, has been president of Philips' board of management—equivalent to chief executive—for four years.

He will become chairman of Philips' supervisory board, succeeding Mr Hanke van Riemsdijk who will be 75.

Mr van der Klugt, 60, has been a member of Philips' board of management since 1978 and has been vice-president and vice-chairman since 1982. He joined the company in 1950 and spent a number of years in South America and was chief executive in Uruguay and then Brazil.

L'Oreal raises income and increases dividend

BY DAVID MARSH IN PARIS

L'OREAL, the French hair products and cosmetics group, registered net profits of FFr 729m ($79m) last year, up 9.9 per cent from the FFr 663m of 1983. Sales rose by 16.5 per cent to FFr 15.8bn.

The group is paying a dividend of a net FFr 28.15, up 4.5 per cent from 1983, in line with government recommendations.

The profit increase corresponded to provisional forecasts made earlier in the year, and represented a slowdown from the 20.5 per cent rise in 1983. Last year 60 per cent of group sales were outside France, against 57 per cent in 1983.

One of the reasons for the slowdown was heavy research spending, especially at the pharmaceutical subsidiary Synthelabo, where expenditure rose 24 per cent to FFr 463m. Synthelabo's sales also rose much less strongly than the rest of the group—up 7 per cent to FFr 2.9bn.

L'Oreal said French pharmaceuticals price controls, as well as restructuring at the Telectronics bio-medical division and the cost of setting up new subsidiaries in Britain and the Netherlands, all weighed on Synthelabo's profits.

Mainstream cosmetic and hair business achieved 19 per cent sales growth. Hair product sales came to FFr 8.1bn (62 per cent outside France) with perfumes and beauty products registering turnover of FFr 4.2bn (76 per cent outside France).

Pechiney buys U.S. can plant

BY PAUL BETTS IN PARIS

PECHINEY, the French nationalised aluminium group, is making a return into the U.S. aluminium market with the acquisition of an aluminium aerosol can manufacturing plant in Connecticut from International Container Corporation.

The French group sold its aluminium manufacturing operations in the U.S. in 1983 for $235m to Alumax in a major redeployment of its North American aluminium assets. After selling the U.S. operations, Pechiney reinvested in the construction of a major aluminium smelter in Canada to take advantage of lower cost electricity supplies.

Although shedding its aluminium assets in the U.S., Pechiney retained its U.S. Howmet Turbine Components subsidiary which makes aerospace engine components. Pechiney said then it planned to reinvest the proceeds from the disposal not only in Canada but eventually in high technology ventures in the U.S.

The decision to buy the aluminium aerosol can plant marks a shift in this original strategy and a direct return to the U.S. aluminium market. The French company declined to say how much it would pay International Container.

Pechiney has in the past few years been building up its pres- [illegible] packaging market through its subsidiary Cebal, which owns plants in France, West Germany and Italy.

Cebal reported sales of FFr 3.3bn last year or a little less than 10 per cent of Pechiney group sales of FFr 35bn in 1984.

● Pernod, the French spirits and soft drinks group which earlier this year reported lower operating profits, is stepping up its dividend for 1984.

Net profits dipped from FFr 430m to FFr 396m ($43m) last year on sales of FFr 6.6bn, against FFr 5.75bn. But the dividend is going up from FFr 27 a share to FFr 28.20.

KabiVitrum drug move angers Fermenta

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

KABIVITRUM, the Swedish pharmaceuticals group and the world's leading producer of growth hormone, has had to withdraw Crescormon, its most profitable product, from the world market, after suggestions in the U.S. that the drug can lead to a fatal brain disease.

The withdrawal, which follows talks last Friday with the U.S. Food and Drug Administration, came only 24 hours before negotiations were due to be completed for the takover of the state-owned KaviVitrum group, by Fermenta, the fast growing Swedish producer of fine chemicals and pharmaceutical intermediates.

Crescormon, used in the treatmen of dwarfism, accounted for more than 13 per cent of KabiVitrum's sales last year of some SKr 1.5bn ($171) and for close to 60 per cent of its profits of KabiVitrum said yesterday that the withdrawal of the drug would lead to the loss of SKr 150m-200m in budgeted sales this yeaar and would cut profits for 1985, by at least SKr 50m to SKr 120m-130m from forecasts of around SKr 180m.

Fermenta has been negotiating with Procordia, the Swedish state holding company, for the takeover of KabiVitrum for more than two months, but it learned of the problems with Crescormon less than two weeks ago.

"I am very angry," said Mr Refaat El-Sayed, Fermenta managing director,(yesterday. The Fermentat board was due to meet this morning to consider the final details of the takeover. SKr 180m.

Mr El-Sayed thought the deal would still go ahead with the 100 per cent takeover of KabiVitrum by Fermenta. The deal could be part cash, part shares, with the state taking a minority holding in Fermenta.

Doubts about the safety of Crescormon, which has 50 to 60 per cent of the world market for growth hormones, have arisen after the deaths in the U.S. of three people aged 21 to 34 of the very rare Creutzfeldt-Jacobs Disease, which attacks the central nervous system.

All three have been treated for many years with a growth hormone produced by the U.S. National Pituitary Agency. The production technique is similar to that used by KabiVitrum.

The Swedish company has been working intensively on producing a comparable bio-synthetic product, using recombinant DNA but this is unlikely to be approved for general use for another one or two years.

Group earnings at Honda reach a record Y128bn

BY ROBERT COTTRELL IN TOKYO

HONDA MOTOR Company, the Japanese car and motorcycle manufacturer, achieved record group net profits in the year to February of Y128.5bn ($495m), an increase of 34.5 per cent over the Y95.58bn reported for 1983-84. It said the improved profits reflected a better ratio of sales to expenses.

Group sales rose by 11.7 per cent to Y2,652bn from Y2,374bn. Of total sales, 26.5 per cent were made in the Japanese market.

Car sales in 1984-85 accounted for Y1,620bn, or 61.1 per cent of the group total, and showed an increase of 20.3 per cent over 1983-84. In unit terms, 387,000 cars were sold in Japan, a fall of 4.2 per cent, but sales overseas rose by 20.5 per cent to 865,000.

Unit sales of motorcycles fell by 7.2 per cent to 2.954m, worth Y423bn. Japanese unit sales fell by 14.7 per cent to 1.006m, but overseas sales were more resilient, falling by just 2.8 per cent to 1.948m units.

Sales of power products rose by 35.1 per cent to Y235bn, while sales of parts and other revenues increased by 5.7 per cent to Y374bn.

Honda's announcement also included its parent company annual accounts, and 1984-85 fourth-quarter group figures. Fourth-quarter group sales were 6.8 per cent higher year-on-year at Y700bn, while net income rose by 27 per cent to Y37.6bn. Unit sales of cars increased by 7.7 per cent to 337,000, representing a 15.7 per cent rise in value terms to Y450bn. Motorcycle sales rose by 6.5 per cent to 765,000 units but in value terms fell by 24.6 per cent to Y90bn.

On a parent-company only basis, Honda earned Y32.7bn during 1984-85, a 33.1 per cent increase, while sales rose by 4.5 per cent to Y1,930bn. A final dividend of Y6 per share maintains total payments for the year at Y11.50, though the amount paid in the prior year included a special 35th anniversary bonus of Y1.

In a forecast of parent company performance during the current financial year, Honda said it expects net sales of Y2,200bn and net income of Y40bn, and intends to pay a dividend total of Y12.

Adsteam in A$60m bid for control of Wormald

By Lachlan Drummond in Sydney

THE ACQUISITIVE Adelaide Steamship group has bid A$60.4m (US$38m) in an effort to lift its holding in Wormald International, the fire protection and detection company, from almost 20 per cent to a controlling 44 per cent.

Adsteam is bidding A$3.59 each for the additional 17m shares, in line with the market, and the same price paid last week to buy out the Bond Corporation's stake of almost 10 per cent in Wormald.

The deal values Wormald's ordinary share capital at A$250m, although diluted for convertible notes it capitalises the company at A$284m.

Wormald's directors have advised shareholders to take no action and in recent days have made it clear they are opposed to such partial takeover offers where a full premium for control is not paid.

The company has a dominant 50 per cent share of the Australian fire protection and detection market and has significant international interests in this field as well as in pumps and valves through its ownership of the UK-based Mather and Platt. It also owns Ansul, which has about 5 per cent of the U.S. fire protection market.

With one of its main international markets, the oil production and refining industry, in decline in recent years, Wormald has been in retreat since its net earnings peaked at A$28m in 1981-82.

Recent interim earnings up 12 per cent to A$11.5m support brokers' forecasts of an improvement for the year to June from A$21m to A$25m.

The Adsteam offer price was over-bid by five cents in the stock market at the close of trading yesterday, underlining the feeling that something closer to A$4 a share will be required to win Wormald.

Bidding through a company jointly owned by the Adelaide Steamship parent and one of its satellites, DJ's Properties, Adsteam has paid around A$46m for its existing stake.

The company has expanded in the past decade from a staid tug operator to a major force in the Australian food processing, building products, and retailing industries

Japanese store groups lift profits

By Our Financial Staff

SOLID IMPROVEMENTS in profitability have been reported by leading Japanese retailers, founded on a sustained growth in domestic consumer spending and the benefits of launching new outlets.

Ito-Yokado, a leading supermarket group, has announced a 20.5 per cent boost in consolidated net earnings to Y25.64bn ($103m) for the year to February, on sales 6.2 per cent ahead at Y1,057bn. Pre-tax profits advanced by 28.7 per cent to Y72.66bn.

Parent company taxable profits rose 21.4 per cent to Y38.67bn while the net result was 18.9 per cent better at Y17.62bn. Ito-Yokado has maintained its dividend at Y19 per share and has forecast group net profits for the current year of Y29bn.

Among Japan's department store groups, Daimaru has reported a return to the black with parent company net earnings of Y14m for the year against a loss of Y859m. Sales rose by 4.6per cent to Y489.55bn — overtaking its rival Takashimaya, where turnover reached Y486.84bn, for the first time in four years. Net earnings there were Y2.26bn, up 7.4 per cent.

Heavy equipment division drags UMW into the red

BY WONG SULONG IN KUALA LUMPUR

UNITED MOTOR WORKS, the Malaysian heavy equiment, engineering, and car distribution group, slid into an operating loss of 16.9m ringgit ($7m) last year, compared with 1983 profits of 16m ringgit.

Turnover fell marginally to 1.13bn ringgit and there was a net loss after tax and minority interests of 32.6m ringgit compared with net profits of 5.7m ringgit.

UMW said the losses were incurred by the heavy equipment and tractors division, which has experienced three successive years of depressed trading conditions largely due to a slowdown in the timber logging and construction industries.

The division, which is engaged in a price war to maintain its market share, suffered a loss of 34.5m ringgit on turnover of 394m ringgit.

The company said it wrs taking further action to cut costs, reduce stocks, and collect debts, but added: "A turnround isc not expected until mid-1986."

The car division, which distributes Toyota cars, increased pre-tax profits from 12.4m to 18.9m ringgit on turnover up by 11 per cent to 757m ringgit.

UMW shares have been steadily falling on the Kuala Lumpur Stock Exchange. At the end of 1983, the shares were trading above three ringgit each, giving the group a market capitalisation of around 450m ringgit. Yesterday, the price was 1.14 ringgit, below the net tangible asset backing of 1.4 ringgit, and capitalising UMW at only 165m ringgit.

The company has a 35 per cent stake in EON, the sole distributor of the Malaysian national car, which is due on the streets this September.

● New Straits Times, Malaysia's biggest newspaper publishing chain, has reported a 10 per cent rise in pre-tax profits to 27.4m ringgit for the six months to February on turnover up by 11 per cent to 93.8m ringgit. Profits after tax were 12 per cent higher at 12.4m ringgit.

The better results were attributed to increased advertising revenue and stable newsprint costs. The company, which publishes the New Straits Times, the country's biggest English-language daily, said earnings for the current six months were expected to be similar to those achieved in the previous second half.

A 12 per cent interim dividend is being paid on increased capital of 68.8m ringgit.

INTL. COMPANIES & FINANCE

Bernard Simon on a Francophone group's success in English Canada

Montreal bank makes it the Big Six

THE SELECT group of Canada's Big Five banks has begun to open its doors to a sixth member. Six banks participated in last month's Government-sponsored rescue of a small Edmonton bank, and many Toronto securities analysts now include six, rather than five, institutions in their reviews of the Canadian banking industry.

The newcomer is National Bank of Canada, the Montreal-based group that has drawn attention in the past three years by turning a loss into some of the most impressive financial results posted by any Canadian bank.

National Bank's share price has almost trebled since 1983, and Mr Michel Bélanger, its chairman, and former Montreal Stock Exchange president, is often mentioned as being perhaps the next Governor of the Bank of Canada.

The entry of a Francophone institution into the first league of Canadian banking has a wider significance, epitomising the growing respect being given outside Quebec to French Canadian business. Several other companies — the publishing group Quebecor is one example —have recently made their mark in English Canada.

National Bank's success also reflects the gradual recovery of Montreal's reputation as a stable financial and business centre, dispelling much of the uncertainty at the height of the drive for Quebec sovereignty in the 1970s.

That nervousness is still reflected in relatively low price/earnings multiples of many Quebec-based companies, including National Bank, quoted on the Toronto Stock Exchange. But Mr Roy Palmer, banking analyst at Alfred E. Bunting and Co, the securities firm, argues that "the prejudice against Quebec stocks is waning." He predicts that investor acceptance of higher PE ratios will push National Bank's share price still higher this year.

National Bank was formed in late 1979 by a merger between the Provincial Bank and Bank Canadian National. Problems stemming from the amalgamation of two disparate organisations, plus soaring interest rates, contributed to a sharp deterioration in performance, culminating in a C$9m (U.S.$6.7m) loss in 1982.

The bank cut its dividend, and was forced to reassure depositors through a series of newspaper advertisements that their money was safe.

The transformation since then has been remarkable. Net income of C$39.8m in the three months to January 31 was 50 per cent higher than a year earlier. National's assets grew by 15 per cent to C$19.8bn at the end of January, and its return on assets of 0.80 per cent was exceeded only by Toronto-Dominion Bank among its larger competitors. The average first quarter return of the other five was 0.54 per cent.

While the Big Five posted an average return on common shareholders' equity of 14.1 per cent, National's return stood at 18.9 per cent.

Both luck and skill have contributed to the turnround. National Bank was too preoccupied with its problems in Quebec to follow other banks' stampede to Western Canada during the energy boom of the late 1970s and early 1980s. As a result, it has not been scarred by the consequent slump of western energy and property markets.

The value of its non-performing loans in Canada has dropped in the past five years from C$194m to C$157m.

At the same time, the bank has taken firm action to strengthen its financial position. A 59 per cent increase in capital since November 1982 coupled with strict control on asset growth has boosted National's capital ratio from 4 per cent in fiscal 1983 to 6 per cent in the three months to January. Instead of lagging the Big Five, it is now ahead of most of them.

National has closed more than a quarter of its branches in the past four years, and trimmed 3,500 from its workforce. Non-interest expenses have edged up by a modest 2.5 per cent in each of the past two years.

The bank still relies on Quebec for more than half its total business. Mr Bélanger sees no point in lowering this dependence by giving up market share in the province. He argues that such a move would play into the hands of competitors, including the powerful caisses populaires, the co-operative credit unions. Since last May, National has set up over two dozen "commercial lending centres" in Quebec to maintain its dominance of the small and medium corporate market there.

The bank hopes to broaden its base by rapid growth outside Quebec, especially in the North American corporate market.

Fewer than a tenth of National's 580 branches are outside Quebec and Ontario. Although plans are afoot to double the number of offices in Ontario (there are now about 60), the cost of setting up an extensive branch network has dampened National's ambitions in the retail market. Instead, it has agreed to share automated teller machines with Bank of Nova Scotia, Canada's fourth largest bank, which has a large countrywide branch network, but will benefit from National's strength in Quebec.

Mr Michel Bélanger: the next Governor of the Bank of Canada?

Meanwhile, a newly-formed corporate banking division posted a 40 per cent growth in assets in the 1984 fiscal year, and now manages about a quarter of National Bank's loan portfolio.

The fastest growth has come in the U.S., which now accounts for about 6 per cent of total assets (C$1.2bn), up from 2.5 per cent two years ago. National recently opened offices in Dallas and Atlanta to augment those in New York and Chicago.

According to Mr Bélanger, the bank is concentrating on two types of business in the U.S.: participation in loans to large (predominantly East Coast) companies, and a wide range of services to medium-sized firms as one of four or five regular bankers.

Although small in comparision with the big New York and California banks, National hopes that its foreign links and relatively large size in comparison with most Mid-West and Sunbelt instiutions will attract customers. Mr Bélanger adds wryly that, as a French-speaking institution, the bank has easily resisted the temptation of sending foreigners into an unfamiliar market. In Canada, too, National prefers to play down its Francophone Links, by appointing English-speakers to senior positions outside Quebec.

Outside North America, the bank is trying to expand its business in South-East Asia, but remains burdened by the heaviest exposure to Latin America among major Canadian banks. Analysts view the high level of Latin American loans as national's most vulnerable spot.

Loans to Latin American and Caribbean barrowers made up 9.7 per cent of the bank's assets on September 30, with about two-thirds to Brazil and Mexico. The sentitivity of its financial results to developments in this region was clearly illustrated in results for the first quarter of the 1985 fiscal year.

Collection of overdue interest from Argentina represented more than one-sixth of income during the quarter. Thanks largely to a return to normal status of some Argentine borrowings, non-performing loans dropped during the three months by 27 per cent to C$161m.

National has raised its provisions on risky sovereign-loans to 7.1 per cent of outstanding debts. Mr Belanger says that provisions for its exposure to Latin America are adequate.

Some analysts also worry about that National Bank lacks the management depth to cope with rapid expansion outside its home base of Quebec. Mr Bélanger says that the criticism was valid five years ago, but argues that — with the exception of the division specialising in small and medium commercial loans — the problem has been solved by recruitment outside the bank, partly from the U.S.

The truth of that assertion may be put to the test soon. Mr Bélanger, aged 55, says that he does not believe a chief executive should remain in office for more than seven to 10 years. He laughingly suggests however, that in his own case, the starting date should be the formation of National Bank in 1979, rather than his appointment as president of the defunct Provincial Bank nine years ago.

APPOINTMENTS

Babcock-Bristol managing director

Mr John S. Singleton has been appointed managing director of BABCOCK-BRISTOL, the lead company in the control engineering activities of Babcock International. He was managing director of Kone Marryat Scott.

*

Mr Curtis Roberts, a main board director of PRITCHARD SERVICES GROUP, has taken responsibility for Pritchard's North American interests. Mr Roberts, who has been with the group for some 12 years, has extensive previous experience of managing the group's U.S. and Canadian businesses.

*

Mr C. H. C. Scott becomes senior partner of GOULDENS, following the retirement of J. E. B. Rae, who will remain a consultant.

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Mr Peter Haworth has been appointed finance director of SEKERS INTERNATIONAL. He joined Sekers in September last year and was appointed company secretary in November.

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Mr Brian Stairs has joined the board of HUNTING ASSOCIATED INDUSTRIES. He has also been appointed a director of Hunting Survey and Photographic. **Mr Rowland Woodcock** is relinquishing his appointment as company secretary of Hunting Associated Industries and will also be resigning his UK directorships on his appointment as financial director of Field Industries Africa in Johannesburg on July 1. **Mr Steve Hibberd**, secretary, Hunting Engineering, succeeds Mr Woodcock as secretary of Hunting Associated Industries.

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Mr Geoffrey Burdett, head of public affairs of NATIONAL WESTMINSTER BANK since 1980, has been appointed Lea Valley area director from August. He succeeds **Mr Aubrey Pennington**, who retires at the end of July.

*

Mr C. G. M. Wishart has been appointed to the board of ABACO INVESTMENTS following completion of the acquisition by Abaco of mortgage brokers, John Charcol.

*

Mr John Hinton, head of the international division at HILL AND KNOWLTON (UK), has been appointed a director.

*

Mr John Turner is to be the next chairman of the BUILDING REGULATIONS ADVISORY COMMITEE. Mr Turner, who is chairman and managing director of E. Turner and Sons, takes up his three-year appointment on August 1. He succeeds **Mr David Llewellyn** who has been chairman of the committee for the past eight years.

*

ADAM AND COMPANY has appointed **Mr Mark Hedderwick** as investment manager. Mr Hedderwick has been with the Lloyd's underwriting agency, Langtons for the past 12 years where he was investment director.

*

Mr A. N. Crow and **Mr T. M. Gillingham** have been appointed to the board of EFFOLD PROPERTIES a subsidiary of Globe Investment Trust, involved in agricultural land and forestry. Mr Crow is Edinburgh partner of John Clegg & Co, chartered surveyors and Mr Gillingham is financial controller of Globe.

*

RENISHAW METROLOGY has appointed **Mr Jim Stevenson** as managing director. Prior to joining Renishaw, he was managing director of Plessey Opto-Electronics, making fibre optic and LED display products based on Gallium Arsenide semi-conductors.

CONTRACTS

£7.4m work for Edmund Nuttall

EDMUND NUTTALL has been awarded the £7.4m contract for the first stage of Trust Securities' Stockley Park Development at a site near Heathrow in the London Borough of Hillingdon. The project includes a commercial park and golf course. The Nuttall award comprises landscaping and reprofiling and involves approximately 4m cu metres of earthworks, including moving 2.8m cu metres of refuse on the section of the park to the east of the Yiewsley Bypass, which is currently under construction by Nuttall for the London Borough of Hillingdon. The 35 week contract includes the excavation of an 800,000 cu metre borrow pit, forming a noise barrier and site drainage. Special precautions will be taken when dealing with the refuse in order to minimise dust and odours. Anti-pollution measures also require the construction of 2 km of cementitious bentonite slurry cut-off wall, the laying of leachate and pumping mains and the building of two pumping stations.

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The Ministry of Defence has awarded an initial contract for the design and production of ships' data distribution equipment for the Type 23 frigate to the automation division of **THORN EMI ELECTRONICS**. Total contract value is expected to be worth about £5m and covers supply of seven ship sets. Data derived from the frigate's sensors, including ship's heading, roll and pitch, wind and speed inputs, are translated into the formats required by user equipments. Outputs to navigation and weapon systems are provided in synchro and digital forms. Embedded terminals enable all data to be interfaced directly to the vessel's combat system and command and control data highways.

*

GEC TRANSPORTATION PROJECTS has a £5m order for electrical propulsion equipment for 25kV thyristor controlled express multiple unit trains for Taiwan. The order is for 11 sets with an option on a further three sets. The main contractor is Union Carriage and Wagon (Pty) which will build the vehicles at its Nigel Plant. Delivery of the trains is scheduled for the latter half of 1986.

*

Two contracts, for optical fibre telecommunications cables for British Telecom's trunk and junction networks have been awarded to **BICC TELECOMMUNICATION CABLES**. Total value is over £4m. The first, worth £2.5m, represents 70 per cent of BT's current requirements for single-mode fibre cable in the trunk network. A total of 9400 fibre-kilometres of 8 and 12 fibre cable will be supplied over three months. The junction cables contract, valued at £1.5m, will provide 50 per cent of BT's requirements for the next six months. The 8400 fibre-kilometres of cable are of a low cost ribbon design.

Marathon Oil UK's order for electric cable for the £1,732m Brae-B North Sea Project has been awarded to BICC General Cables. The £2.9m service contract includes provision for cable gland terminations from BICC Components. The deal involves high-voltage cables up to 13.8 kV, 600/1000 V cables for power control, as well as instrumentation and communication cables. Work starts this month and is expected to last two years.

*

BRENGREEN HOLDINGS has the renewal of the contract for the Shanghai Airport passenger terminal in Singapore valued at £3m over three-years.

*

TILBURY'S latest batch of contracts is worth over £5.1m. The largest, worth just over £2m, is for the erection of 66 dwellings in Maidenhead for the London Borough of Windsor and Maidenhead. Work is expected to take 16 months to complete. From the London Borough of Tower Hamlets comes a contract worth just over £1m for work on the Tower Hamlets link road. It involves the construction of 340 metres of new carriageway and a 13 metre-wide road bridge spanning 30 metres across the Hertford Union Canal. In other £1m job, Tilbury is carrying out the renewal of penstocks at HM Naval Base, Portsmouth.

Tilbury will also be carrying repairs (worth £211,000) to defective concrete pile supports of a jetty at the Ministry of Defence establishment at Hythe, Southampton. For the Thames Water Authority, Tilbury will undertake phase 3 of the improvement scheme for the River Bourne, near Egham, in a £187,000 contract, which involves excavation of the bed of the river to straighten and widen it.

From British Rail Tilbury has received a £165,000 contract for the reconstruction of a bridge over the Liverpool Street-Cambridge line at Bishops Stortford. The bridge will be raised to enable electrification to take place.

*

HENRY BOOT SOUTHERN has been awarded a £3.7m contract for the construction of Bromham By-Pass on the A428 Felixstowe to Weedon trunk road. Work is to start shortly on the 4 km of 7.3 metre wide single carriageway with 1 metre hardstrips. Included in the project are two insitu reinforced concrete deck bridges, a 108 metre continuous four-span over the Great Ouse River and a continuous three-span over the A5134 road. Project completion is scheduled in 91 weeks.

*

LILLEY CONSTRUCTION has won three contracts totalling over £3.7m in the Shetlands. The largest, worth £2.8m, is for an oil rig service base at Dales Voe. The client is Lerwick Harbour Trust and work involves the construction of a tubular piled jetty with a berthing depth of over 12.5 metres at low tide, backed by a storage and fabrication area in excess of 20,000 sq metres. The smaller contracts, both for Shetland Island Council, comprise a roll-on roll-off jetty facility in the out skerries, a grouping of small islands some 10 miles east of the Shetland mainland, and the painting of tanker jetty No. 3 at the Sullom Voe oil terminal. The jetty, designed by Shetland Island Council, is largely of pre-cast concrete construction.

*

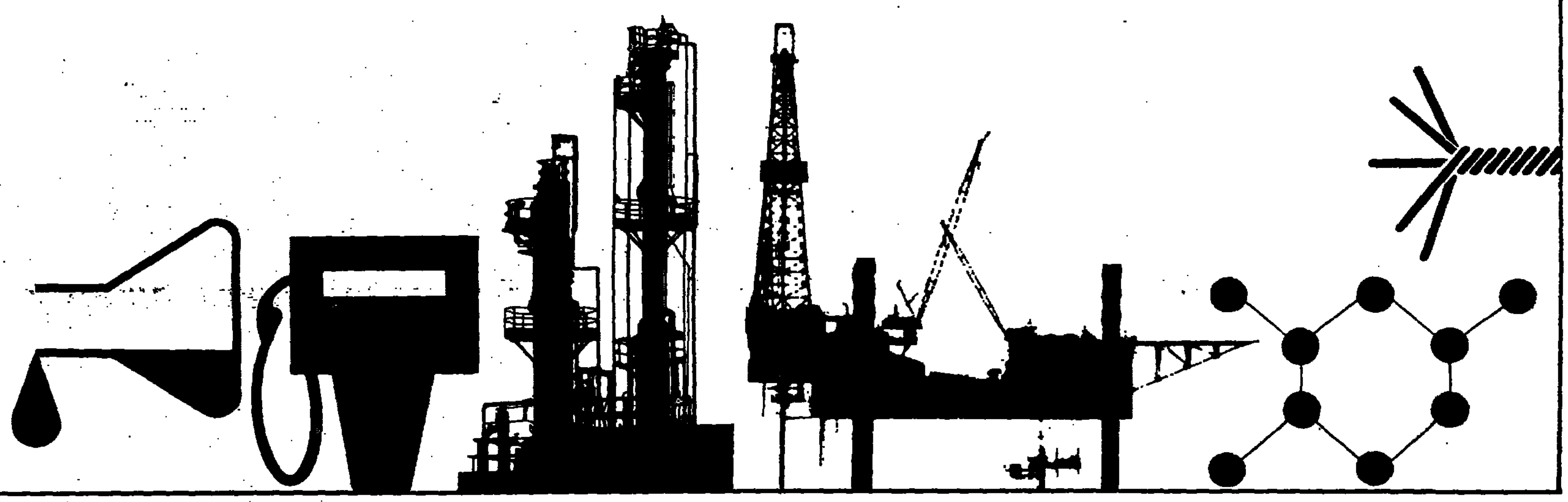
TAYLOR WOODROW CONSTRUCTION (NORTHERN) has won a £650,000 contract from the National Coal Board for civil engineering works to improve rail shipment, from Dawdon Colliery, Seaham, Co. Durham. The contract, which is scheduled for completion in 1985, calls for the erection of a 2,000-tonne rapid loading coal bunker, together with piling, rail trackwork, a weighbridge, a conveyor, foundation and other ancillary works.

*

A Stirling civil engineering firm has won a £1.7m contract to carry out work at Central Region's main reservoir, at Carron Valley, Stirlingshire. **GLEESON CIVIL ENGINEERING** beat seven other companies to win the contract, which involves strengthening and raising the main dam at the reservoir.

Standard Oil Company (Indiana) is changing its name to Amoco Corporation.

(Our New York Stock Exchange symbol is AN.)



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UK COMPANY NEWS

Burnett given breathing space by banks

BY ALEXANDER NICOLL

Burnett & Hallamshire, the troubled coal and property group, disclosed yesterday that it had won several months' grace from its bankers while it formulate a divestiture programme designed to reduce mounting debts.

The company, which grew rapidly as a stock market star and bten crashed out of favour after encountering a series of problems, plans to sell all but what it now considers to be core businesses—defined yesterday by Mr Eric Grayson, chairman, as "mining and marketing coal on an international basis."

The first of its divestitures was announced yesterday. Powell Duffryn, the diversified industrial group, is buying UK Petroleum Products (UKPP), Burnett's profitable oil products distribution subsidiary, for £10.3m.

Powell Duffryn's purchase is being financed through a vendor placing of 4.3m shares, about 7 per cent of its expanded capital. It said UKPP will complement its existing fuel distribution network and will add new activities, taking it for example into the retail market for petrol for the first time.

The City's attention, however, was focused on Burnett, which had been thought to be surmounting its troubles until a surprise announcement at the end of February that it was in talks with its bankers, led by Barclays Bank.

Yesterday, it said that the banks, numbering over a dozen, "have agreed to hold their facilities in place on an interim basis and to provide a standby facility to the group."

The standstill period, understood to last into June, will enable Burnett, the banks and acountants Price Waterhouse to produce a detailed review of its worldwide operations.

Results for the year ended March 31 1985 are likely to be delayed and "the board believes that significant provisions and write-downs will be required in the accounts," Burnett said.

Mr Thomas Carlile, deputy chairman and managing director of Babcock International until his retirement last year, is assuming a semi-executive role as deputy chairman of Burnett to coordinate the group's divestitures and reorganisation.

Mr Grayson said the emphasis would be on reducing debt through the proceeds of sales of divisions — including U.S. and UK coal-related activities considered to be non-care — and that a capital reconstruction for the group was not being considered.

Burnett has made no progress towards selling its six Californian property developments—none of which is fully let — and is now prepared to sell some of them below book value. Lack of tenants has so far prevented the sale to institutional buyers for the properties' rental streams, Mr Grayson said, but Burnett is now hoping to achieve full tenancy at some and to sell the others in their unlet state.

A further thorn in the company's side is its presence in Iraq, where it has 100 staff and a dozen construction contracts which are virtually complete but cannot be handed over because of the Gulf War, Mr Grayson said. Additional provisions will be needed against these contracts.

Burnett was hit severely last year by the UK miners' strike, but says its activities returned to normal within a month of the strike's end. Its South African associate, Rand London — cause of the company's first shock disclosure in 1983 — is continuing a recovery and has encouraging prospects, Burnett said.

Burnett's profits fell from £30m to £3.8m in the year ended March 1984 and declined further in the first half of 1984-85. Net debts were £50m at March 31 1984, but were actually believed to be larger because of off-balance sheet loans to finance joint ventures including the Californian property ventures.

The share price, as high as 190p earlier this year, fell 3p yesterday to 52p but stayed above the year's low 35p.

See Lex

Bat's debt ratings lowered

Standard & Poors, the U.S. credit rating agency, has lowered its ratings for **BAT Industries'** debt following the tobacco-based conglomerate's purchase of Hambro Life Assurance for £653m last December.

The purchases of Hambro Life and of Eagle Star (for £968m in early 1984) were both largely financed by borrowings and pushed up debt as a share of capital, S & P said.

Total debt rose to 35.7 per cent of adjusted capital by the end of 1984, reflecting the Eagle Star purchase compared with 27.3 per cent a year earlier. Additional debt has been incurred in 1985 to complete the Hambro Life purchase, S & P added.

Liquidity, traditionally a strength of the company, has also been somewhat reduced but although BAT's capital structure has been somewhat weakened, credit comfort can be derived from its continued strong operating performance, S & P commented.

S & P has cut its ratings on long-term debt issued by BAT Finance and BAT International Finance from AA-minus to A-plus and its rating on BAT Capital Corporation's commercial paper from A-1 plus to A-1. All ratings are based on the guarantee of the parent company.

BAT said: "This is very much as expected. If you spend £1½bn on acquisitions that pushes your gearing up and dilutes your earnings and translates almost automatically on to your debt rating.

"We are still at the top end of the league table. We foresee little impact on our large commercial paper programme."

BAT said Moody's another leading U.S. credit rating agency, had down-rated its long-term debt from AA-3 to A-1 last year following the Eagle Star purchase. Moody's rating of its commercial paper was unchanged at P-1.

Wyko's 25% placing on USM

BY STEFAN WAGSTYL

Wyko Group, a west Midlands-based distributor and manufacturer of bearings and power transmission components, is joining the small group of engineering companies quoted on the USM.

Barclays Merchant Bank is placing 4.3m shares, or 25 per cent of the equity, with the help of Birmingham stockbroker Murray and Co. At the 68p placing price, the company will have a market capitalisation of £12m.

Of the shares placed, 1m are new shares sold to raise £505,000 for the company, which will be used to reduce bank debts and to fund future investment.

Wyko, formed in 1962 by its chief executive Mr Philip White, has grown by building up its manufacturing and distribution activities in the UK, and more recently expanding abroad, particularly in West Germany, the U.S. and South Africa. Overseas sales, including exports, now account for about 40 per cent of turnover.

In the past five years, Wyko's profits have increased strongly, although unevenly. After £422,000 pre-tax on sales of £12.2m for the year to the end of April 1980, profits dropped sharply in 1981 with the impact of the recession before recovering in 1982.

They fell again in 1983 to a low of £285,000 when the company invested heavily in expanding product ranges and the management team. However, Wyko bounced back to £1m on sales of £19.8m in 1984 and £891,000 on sales of £11.8m for the first half of 1984-85.

Wyko is forecasting pre-tax profits for the year to the end of April of not less than £1.8m pre-tax.

At the placing price, the price/earnings multiple is 11.7, given a 43.1 per cent tax charge. The indicated yield is 5 per cent.

The group's biggest business is its UK distribution company, which has 22 branches across the country, supplying both large and small customers. The UK manufacturing operations concentrate on making industrial gearboxes for process plant companies in a wide range of industries.

The group sees prospects for expansion overseas as being particularly encouraging. It believes it can use its engineering skills to service the needs of customers in many countries.

Dealings in Wyko are expected to start next Monday.

British Empire Trust plans £22m rights issue

BY TERRY POVEY

British Empire Securities and General Trust (BESG), has announced plans for a four-for-one rights issue at 28p, yesterday's market price. The 81.26m new shares will raise almost £22m after expenses for the investment trust company.

This rights issue from BESG, which has net assets of £7m, follows major changes in the company since February 1984 when Imperial Life Assurance Company of Canada, currently holder of just under 30 per cent of the outstanding shares, took over the investment management of the company. Since that time BESG has concentrated its holdings so that at the end of last month as much as 75 per cent of its invested funds were held in its top 25 investments.

The unaudited net asset value per share of BESG has risen to 34.5p at March 31 from the 29.7p at the end of September. As with most investment trusts, BESG has nearly always traded at a discount to its net asset value.

Imperial Life has announced that it will subscribe to 14.24m shares—less than its full entitlement—which will reduce its holding of the expanded capital to 20 per cent.

William K. Woodruff, a Dallas-based investment banking and securities company, is to take up to 24.6 per cent of the proposed rights issue—giving it almost 20 per cent of the enlarged capital—on behalf of its clients.

Woodruff is also to take a 25 per cent stake in Laurentian Asset Management, the vehicle through which Imperial Life manages its investments in London. Imperial Life will retain the other 75 per cent of Laurentian.

● comment

The smaller shareholders in BESG must be a bit non-plussed by such a large rights issue being made at an almost 19 per cent discount to net asset value. Whatever they do short of throwing out the scheme at the May 10 shareholders' meeting will see them losing out in an arrangement that amounts essentially to the restructuring of Imperial Life's London investment management activities and the introduction of a new partner, Woodruff. Since Imperial came into BESG's life two years ago the small investment trust has been transformed into a special situations trust. When Imperial took over the management of BESG many of the private shareholders moved out and were replaced by institutions —now it seems it could be the turn of these to leave (market rumour has it that Save and Prosper departed last week). It could even turn out that the problems the rights issue is designed to solve are simply deferred rather than resolved. Since the February 1983 change in emphasis (and management) towards capital growth instead of income growth, the share price has virtually stood still while the discount on the net asset value has widened. On May 10, BESG (in reality Imperial Life and Woodruff if this scheme goes through) will have to convince shareholders that this is really the way to improve things.

Fairdales integration boosts Moss Bros

Moss Bros, the clothes retailer and formal wear hire company, earned a record £1.02m pre-tax in 1984-85 with profit margins benefitting from economies of scale achieved following the integration of the 22 shops acquired via the purchase of Fairdales in 1982.

The group, which has 57 outlets throughout the country, attained the result on turnover 8 per cent higher at £18.11m, compared with £16.79m, which generated a profit of £649,000.

Mr Manny Silverman, the chief executive, says that while the company dominated the formal wear hire market the strongest growth will come from retailing good quality men's, women's and children's clothing.

A planning application has been submitted for redeveloping Moss Bros's flagship store in Covent Garden, London, to serve the increased number of visitors to the area.

The dividend for the year to January 26, 1985 is being raised by 25 per cent from an equivalent 3.99p to 5p with the directors recommending a final payment of 3.46p.

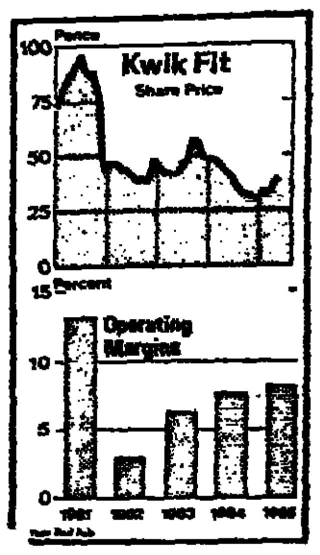
Earnings per share, after tax of £392,000 (£254,000), rose from 13.06p to 20.63p.

● comment

A clothes hire firm that holds a lunchtime press conference inside its main store and turns away the dozen or so enquiring customers isn't the sort of company that one would associate with a multiple of over 20 times reported earnings and a yield of less than 2 per cent. Investors had got so excited at the prospect of a big improvement from Moss Bross that the shares actually fell after the figures were released. A leap of over 50 per cent in profits won't be repeated in the current year, as the economies of scale from Fairdales, bought at the end of 1982, have now been exhausted. However, there is evidently plenty of scope to increase efficiency further, and on volume up so far this year by 10 per cent, 1985 profits could be as much as £1.25m. A prospective p/e of 16 on a price of 398p and on a 40 per cent tax charge may not be too high. Moreover, the company's Covent Garden premises are worth a minimum of £1 per share— and Moss Bros are waiting for GLC approval for a £10m redevelopment plan that would create 40,000 square feet of lettable office space. Potential bidders could be frustrated by tight family control of the shares.

Kwik-Fit recovers on increased market share to £4.2m

TRADING IMPROVED significantly in the second half at Kwik-Fit (Tyres and Exhausts) Holdings to leave the group up on the full year following an interim downturn.



After a considerably higher charge for interest payable at £2.02m against £1.63m, the taxable result came out at £4.23m, against £4.15m for the year to February 28 1985.

The directors say that the first six month saw aggressive price competition at the retail level of the exhaust market due to the dumping of stocks by manufacturers. Steps taken to increase the group's share of the tyre and exhaust replacement business and tight control on costs, using its computerised information systems, produced the second half upturn.

The final dividend is increased from 0.7843p to 0.9411p per share for a total of 1.7254p (1.5686p). Earnings per share are given as 5.15p (5.12p) before extraordinary debits of £497,000 (nil).

Turnover increased by £5.9m to £61.19m.

As regards current trading the directors say that the first seven weeks have seen substantial increases in turnover compared with the same period last year, and that these, together with the planned opening of a further 30 specialist repair outlets and the introduction of own brand products and new services should result in a year of "significant progress."

● comment

The 15 per cent drop in demand for exhaust replacements that gripped Kwik-Fit in the first half now seems to have been overcome. Longer-lasting exhaust systems fitted by car manufacturers are now apparently falling off, blowing out or just rusting away at a rate sufficient to increase both turnover and margins. With the once-off effect of the improved exhausts behind it, the company is now looking for an end to the problems of early 1984. Some 2.2m cars (up from just under 2m) went through its bays in the year. The French connection, six depots in the Paris region, has been severed, so ending the small but steady losses (£200,000 last year) made on this venture —the almost £½m extraordinary debit is a provision for the closure costs of this business. The newly introduced profit-sharing scheme for depot managers is producing cost savings without increasing the ratio of wages to turnover. However, the group's shares have been underperformers for some time and are still struggling to break out of the historically low 30-40p price range in a decisive manner. For 1985-86 the analysts have marked the company up to £5m pre-tax, a prospective p/e of almost 7 on 40p given the low 20 per cent tax rate.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Boustead	Nil	—	Nil	Nil	0.5
British Empire ......int.	0.2	May 23	0.2	—	0.9
Clement Clarke	2.89	June 14	2.75	4.33	4.06
Cooper Industries	0.45	July 1	0.5‖	0.75	0.5¶
English National**	4.6	July 2	4.1*	7.7*	7.03*
English National††	2.15	July 2	1.23*	2.88*	1.88*
Kwik-Fit	0.94	—	0.78	1.73	1.57
Moss Bros.	3.46	—	2.71*	5	3.99*
Scott & Robertson	1.6	June 6	1.25	2.5	2*
Scottish Cities ......int.	6	—	4	—	14.5
Stat-Plus‡	1.5	—	—	2	—

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶For 10 months to December 31 1983. ‖For nine months. **Preferred ordinary. ††Deferred ordinary.

UK COMPANY NEWS

Lionel Barber looks at the takeover battle going cn at Ingall

Why all's not so friendly in the parlour

OPERATION FARSIGHT began inside the Greater Midlands Co-operative Society in Birmingham last autumn. The target: Ingall Industries, an aggressively expanding funeral business also based in the Midlands and the UK's only fully quoted funeral director.

The code-name "Farsight" comes from the Co-op's purchase of an off-the-shelf company, renamed in a cloak-and-danger operation which hardly squares *with the lacklustre image often* attributed to the co-operative movement.

But this is not the only twist in the subsequent *£7.3m* bid *battle which has erupted for* control of a chunk of the UK funeral business.

The Greater Midlands, the *friendly society turned aggressor, has found its first excursion into* the stock market chastening experience.

Last week, Ingall, advised by County Bank, produced a defence document which, even by today's standards, was hard-hitting.

In short, *it told its* shareholders that, having taken Queen's Counsel opinion, it understood that the Co-op's funeral activities were in breach of its constitution, that is to say, *ultra vires*.

The allegation, in response to information in the Co-op's offer document, is now before the Takeover Panel. The Panel says it cannot remember having to adjudicate on such a matter.

Perhaps, more significant, is that Ingall's complaint has *allowed it to make two damaging claims: that the Co-op could be* forced to repudiate the bid and that its banking facilities could

> 'Funeral parlours were fine for the fathers, but you often find the sons want something better than being on call 24 hours a day'

be withdrawn if it is found to be acting *ultra vires*.

"Nonsense," says Mr Norman Reid, the Greater Midlands Scots-born finance dirc.tor, *who points* out that the Co-op has been in the funeral business since the 1930s and its own Queens Counsel has given the Co-op a clean bill of health.

Those less familiar with the funeral market may be at a loss to understand why this bid battle has generated so much heat, particularly when both parties admit that they are competing in a market which is at best stagnating.

Market stagnation is due to the declining death rate in Britain. Most funeral directors are still family-owned and have found it difficult to remain independent. In a fragmented market, those firms like Ingall have found ready sellers.

In the past year it has acquired three *family* businesses, boosting its number of funeral sites to 53.

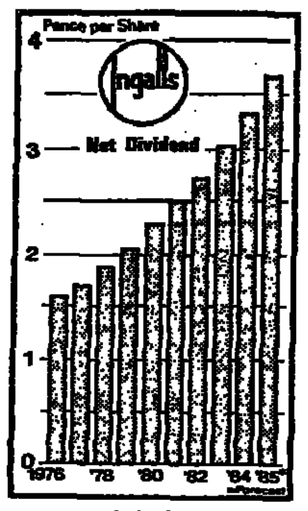
"Funeral parlours were fine for the fathers," explains Mr John Boodle, Ingall's chairman and a lawyer by training, "but you often find the sons want *something better than being on* call 24 hours a day, 365 days a year."

Ingall's string of acquisitions has enabled it to create economies of scale, not just in staff but also in hearses. Like Mr Reid, Mr Boodle agrees that once you reach a certain size, the funeral business can provide a sound and steady source of income.

This is the attraction for the Greater Midlands Co-op. Two *years ago it drew up a five-year* corporate plan centring on three areas: *the £37m-a-year dairy pro*duction and distribution operations; ambitious plans to open new Sainsbury-sized superstores; and the expansion of its funeral business, currently turning over £2m a year but which would grow fourfold if it acquires Ingall.

"We are not a dozy co-op," says Mr Reid, "we are now trying to be a lot more commercially minded."

In the past 18 months, the Co-op has opened three new



superstores, bringing its total to five. The capital investment programme *will increase with the* sale of the freehold for its store in the centre of Birmingham. Mr *Reid says the sale should raise* more than £25m and should go through in the next few weeks.

To Ingall, this sounds like jam tomorrow. Moreover, the Co-op's conservatively presented balance sheet has allowed Ingall to argue that it is overborrowed, though this ignores the Co-op's substantial assets which have not been revalued for what Mr Reid describes as a "very long time" and the future proceeds from the freehold sale.

Attacking the Co-op's balance-sheet could prove counter-productive. The Co-op, advised by Manchester Exchange Trust, plans to criticise Ingall's gearing (net debt is up from £588,000 to £1.17m on shareholders' funds of £2.93m). It will also criticise Ingall's recent profits record: for the six months to last December, Ingall only scraped an increase of £6,000 to £280,000 though it is predicting a comfortable rise over last year's annual pre-tax profits of £842,000.

In the final resort, much will depend on the Co-op's ability to persuade Ingall shareholders to take cash rather than paper which, being a friendly society, it cannot offer.

In the past three years, the Co-op has kept all quiet on the acquisition front because, Mr Reid says, cash offers for privately owned businesses can land the acceptors with capital gains tax.

That may not be a problem if the Co-op's offer is generous. But at present it is sticking to 80p, 8p below the current market price and just 6p above the market price before its offer.

"In a word," says Mr Boodle at Ingall, "it is miserly."

Henry Ansbacher disposal

BY DAVID LASCELLES, BANKING CORRESPONDENT

Henry Ansbacher, the merchant banking group, *has hived off its* international project finance operation to a group of employees headed by Mr Paul Slater, president of its New York subsidiary.

A new company called First International Capital Corporation has been set up in Bermuda to assume the business. It is 70 per cent owned by First International Holdings and 30 per cent by Ansbacher, which is also advancing a $1m loan to the new venture to be repaid out of profits.

Mr Slater said the new company will concentrate on specialised project finance operations including aviation, shipping, energy and real estate including hospitals and hotels.

Ansbacher decided to hive off the business because it was performing poorly at a time when it is trying to recover from heavy losses from an ill-fated acquisition on Wall Street.

Ansbacher has also sold other *businesses including metal* broking, leasing and underwriting.

It has rationalised its shipping and U.S. mergers and acquisition businesses and expects them to *become profitable. The group* is to be recapitalised by its major shareholder, the Swiss-Belgian Groupe Pargesa Bruxelles Lambert.

Lake View

Net asset value per 25p share prior to charges at par at Lake View Investment Trust came to 347.7p at March 31 1985, compared with 321.3p a year before.

Available revenue grew from £2.07m to £2.4m after tax of £1.51m (£1.23m). Earnings per share are shown as rising from 4.56p to 5.31p, and the final dividend is being raised from 2.85p to 3.05p, making a total of 4.65p (4.4p). A one-for-one scrip is also proposed.

J. Rothschild £38m backing for Stockley

Stockley's purchase of an initial 22.4 per cent in Stock Conversion and Investment Trust from Equity Trust, the company *owned by the family of the late* Mr Robert Clark, is being financed by the issue of 44.4m ordinary shares of 10p each in Stockley and £37.38m of 5 per cent, unsecured loan notes.

The loan notes, supported by a bank guarantee, will be redeemed by Stockley two years after completion of the acquisition and may be redeemed by the holder 14 months after completion.

J. Rothschild Holdings (JRH) has agreed to provide a £38m facility to Stockley, repayable after 5 years, to finance the redemption of the loan notes. On issue of the notes, JRH will receive £600,000 commission in the form of 857,000 ordinary Stockley shares at 70p.

Because Equity Trust wants to receive the major part of the consideration from the *sale in* cash, Morgan Grenfell, has agreed with Stockley to purchase 43.3m of the consideration shares and is, along with Cazenove, placing them at 70p a share.

JRH which owns 2.1m ordinary shares in Stock Conversion, has agreed to grant Stockley an *option to purchase the* JRH shares at 545p a share. The option expires on May 3 and is conditional upon completion of the acquisition of the Stock Conversion *shares*.

Upon exercise of the option, Stockley will hold 26.5 per cent of the issued share capital of Stock Conversion. On completion of the transactions, *JRH* will hold about 9.3 per cent of the issued voting ordinary shares of Stockley.

If JRH exercises its option, Stockley will pay for the shares by alloting 16.9m ordinary shares, of which 12.1m will be placed with Universities Superannuation Scheme, European Ferries and investment clients of Morgan Grenfell.

Fifty per cent of the placed shares—including those involved in the purchase of the Equity Trust stake—will be subject to recall.

In order to provide Stockley shareholders will have an opportunity to acquire shares being issued to Equity Trust and JRH, Morgan Grenfell is to offer up to 30.6m ordinary Stockley shares at 70p a share, pro-rata to their existing shareholdings (i.e. approximately two new shares for every seven held) although they may apply for moe than their basic entitlement.

BOARD MEETINGS

TODAY

Interims: S. Casket, M. J. Gleeson, Japan Assets Trust, Pochin's Spectrum, TR Australia Investment Trust.

Finals: Campari International, Ellis and Goldstein, Falcon Resources, Fleming Universal Investment Trust, Helical Bar, John Laing, Micro Business Systems, Save and Prosper Linked Investment Trust, R. Smallshaw (Knitwear).

FUTURE DATES

Interims—	
Akroyd and Smithers	May 7
Boulton (William)	Apr 26
Rothschild (J.)	Apr 29
Wemyss Investment Trust	May 2
Windsor Securities	Apr 30
Finals—	
Allebone	Apr 30
Edmond	May 2
Executex Clothes	Apr 29
Fergabrook	Apr 25
Fleming Far Eastern Inv. Tst.	May 2
Framlington Overseas Income and Growth Fund	May 1
Hunting Associated Industries	May 2
Metal Box	June 11
Mowlem (John)	May 1
Perry (Harold)	Apr 25
Towles	Apr 25
Turriff	Apr 29

Securities Trust

All-round growth has been shown by *Securities Trust of* Scotland in the year ended March 31 1985, with earnings up from 3.34p to 4.21p, the dividend raised from 3.2p to 4p net by a final of 2.7p, and the year-end asset value showing a rise from 130.2p to 153.6p after prior charges at par.

Edinburgh Inv. Tst.

Net asset value per ordinary *share rose from 124.5p to 145.2p* at Edinburgh Investment Trust in the year to March 31 1985, and the 0.25p higher final dividend of 1.75p lifts the total from 2.5p to 2.85p.

Gross revenue of £22.84m against £16.37m produced profits of £13.08m (£11.9m).

Boustead hit harder by falsification and shows loss for 1984

Boustead, the international trader which last June disclosed falsified stock records at its King Trailers subsidiary, yesterday restated its figures for 1983 to show a pre-tax loss of £844,000 and also reported a smaller loss for 1984.

This compares with a previously reported profit of £217,000, which Mr Alan Charton, the chairman, initially downgraded by some £50,000 last summer to take account of a deficiency which had been concealed "by deliberate falsification."

As already known, the King Trailers net assets had been overstated by £1.1m, and this has now been restated in the balance sheet by way of a prior year adjustment of £839,000, after taking account of tax adjustments.

The revised figures are shown in the group's results for 1984, which also show a taxable loss of £106,000 for the year. At midway, reporting a profit of £20,000, Mr Charton was confident of a "marked improvement" in the second half.

The disappointing results were principally due to losses in the group's Australian company and the UK soft commodity operation. These areas are in the process of "radical reassessment," says the chairman, adding that the other operating units performed "relatively satisfactorily."

The accounts also reveal an extraordinary profit of £131,000 arising from the sale of certain investments by the Singapore subsidiary together with the net recovery from third parties in respect of the King Trailer discrepancies.

Following the King Trailer problems, management changes have been made, accounting controls strengthened and the company's auditors have made a full statement. The company returned a taxable profit of more than £300,000 for 1984.

With the exception of the soft commodity operation, all other UK interests returned satisfactory results, especially the Metal Supplies associate.

The chairman considers that "the underlying strength of the group's activities will enable a return to profitability in 1985."

There is again no final dividend for the year. The last payment was a 0.5p interim in respect of 1983. The loss per share is stated at 0.55p (loss 3.45p).

Turnover increased by nearly £10m to £59.61m, and produced an operating profit of £509,000, against a restated loss of £900,000.

An exceptional debit of £233,000 (nil) reflects certain non-recurring expenditure, including redundancy and an arbitration award made against the UK soft commodity company.

Investment income rose from £697,000 to £786,000, while interest charges were also up at £1.83m, against £1.28m. The contribution from associates was £659,000 (£636,000).

Moorgate Group raising £0.5m via USM placing

THE FINANCIAL marketing specialist company, The Moorgate Group, is coming to the Unlisted Securities Market, through a placing of 1.25m ordinary 5p shares at 120p each, representing 25 per cent of the issued capital.

Moorgate was founded in 1977 by Mr Jeremy Bond and Mr Jonathan Sayers, joint managing directors, to provide a marketing advice and assistance service to companies and institutions operating in the financial services field.

Existing shareholders are selling 729,520 shares providing them with about £860,000 net while 520,480 new shares are being issued by Moorgate to raise £495,000.

Through five UK subsidiaries, it offers not only advertising and public relations services but a complete operational service including product design and development, technical administration, marketing consultancy and direct mail services. It has its own in-house expertise provided by its full-time actuary, barrister and accountants, as well as advertising and promotional personnel.

The placing values it at £6m. Profits have grown from £16,000 in 1980 to £257,000 in 1984 and Moorgate is forecasting a pre-tax result of £430,000 for 1985 with a dividend payout of 1.4p net. This gives a p/e on a 35 per cent notional tax of 20.8 and a yield of 1.7 per cent.

Brokers to the issue are Le Mare Martin.

Alexander Nicoll on the electronic rental market

The key to profitability

THE SMALL but lucrative rental market for electronic instruments, especially testing equipment, has been thrust into the limelight by recent developments at two of its major players.

First, there was a £26.3m reverse takeover bid for Energy Services & Electronics, from shell company Peek Holdings, now being vigorously contested. Its main subsidiary, Livingston Hire, vies for supremacy with Instrument Rentals, a UK subsidiary of U.S. Leasing, in hiring out test and measurement instruments and computer equipment to electronics, engineering and oil companies.

Yesterday Microlease, the up-and-coming third ranker, was forced to issue a statement in response to its first serious taste of stock market disfavour since coming to the USM in 1983.

Microlease shares had dropped from a year's high of 480p to a low of 340p following the release last week, with little explanation, of annual results indicating a sharp drop in second half profits following several years of spectacular growth.

Mr David Rennie, the chairman—who set up Microlease after leaving Livingston Hire, which he also founded—assured shareholders that the present level of orders was a record and that rental income for March, the first month of the current financial year, was substantially ahead of March 1984. The share price recovered 23p to 363p.

Nevertheless, his disclosure of a disappointing autumn and of a particularly slack period at Christmas suggested a volatility in the market which had not previously been evident—at least on the downward side.

'We can maintain utilisation without giving big discounts'

Microlease and its two larger rivals do not have long order books because they aim to provide next-day service on a range of testing equipment, often needed in a hurry by their customers. Instruments may be rented for a year or only days, but the average has tended to be between two and three months.

Clearly, utilisation is the key to profitability. Rental companies which have spent heavily on new equipment cannot afford to see it go unhired.

This requires astute assessment of customers' likely needs. Equally, the renters would be unhappy to see their utilisation rates rise above about 70 per cent because this would mean they were unable to provide prompt service.

Among typical instruments hired are logic and spectrum analysers, electric line test equipment and oscilloscopes. The three also offer personal and desktop computers and related goods.

Instrument Rentals has adopted an aggressive pricing policy, and Livingston Hire also offers discounts based on length of rental and volume.

Mr Frederick Rollason, Energy Services chairman, insists, however, that Livingston is not interested in entering a price war.

Mr Paul Rennie, Microlease finance director, yesterday blamed price competition between the two other companies for recent market volatility. "We steer clear of it," he said. "We can maintain utilisation without giving big discounts."

Microlease also attributes the second half 1984 slackness to the phase-out of capital allowances announced in last year's Budget. Some customers, especially smaller ones, rushed to buy rather than rent equipment to take advantage of capital allowances while they could.

Its larger competitors, perhaps with a better spread of larger customers—Livingston has a strong presence on the Continent—say they did not see a fall-off in demand.

Despite the hiccough at Microlease, the City is still bullish on the specialised sector.

Mr Gerald Davies, analyst at stockbrokers Savory Milln, says: "Companies can continue to widen their scope and the service that they offer. It's going to be more competitive but I don't think it's an overpopulated market at present.

Babcock Intl. pays £25m for U.S. castor subsidiary

Babcock International, the power engineering group, is to buy Faultless Caster Corporation, a major U.S. maker of castors for $33m (£25.5m) cash.

Faultless made pretax profits of $7.87m on turnover of $65.2m in 1984 and had net assets of $25.9m at the year end.

Faultless, which claims to be the largest full line manufacturer of castors in the world, will complement Babcock's subsidiary Keeler Brass Company, which makes decorative furniture hardware such as knobs, knockers and drawer slides.

The purchase, which still requires approval of the U.S. regulatory authorities, will be carried out by Babcock International Inc, a fully-owned Babcock subsidiary. The deal should be completed by May 31.

Faultless is currently owned by New Axia Holding Corp of Oak Brook, Illinois. New Axia was a listed company which was taken private by means of a management buy-out. The management is selling Faultless to pay off a bridging loan.

Faultless has two plants in Evansville, Indiana, three other plants elsewhere in the U.S. and a subsidiary company in Canada.

Stat-Plus up 46% at £1.02m

The Stat-Plus Group, supplier of law and commercial stationery, pushed its 1984 sales and pre-tax profits up by 28 per cent and 46 per cent respectively and says trading continued to be "excellent" in the opening quarter of the current year.

During 1984 the group invested in new computer systems whereby order entry, invoicing and stock control were computerised.

Cash flow continues to be strong—an overdraft of £474,000 at the end of 1983 was turned into a credit of £338,000 a year later.

Group turnover for 1984 improved from £3.56m to £4.54m and at the pre-tax level profits rose by £322,000 to £1.02m.

A final dividend of 1.5p makes a total of 2p net per 5p share, 0.2p higher than was forecast last May at the time of the company's entry to the USM.

MFI in £23.6m finance leasing sale to Wardley

BY LIONEL BARBER

MFI Furniture, which recently agreed to a £563m merger with Associated Dairies (Asda), has sold two finance leasing companies for £23.6m to Wardley, the merchant banking arm of the Hong Kong and Shanghai Banking corporation.

The sale of the two companies, B. A. Turner and Capital Collections, was completed last month and is disclosed in the Asda offer documents issued yesterday.

Under the deal, Wardley paid £100 plus the repayment of MFI loans of around £9.8m for Capital Collections. Similar arrangements were concluded for BA Turner which included £100,000 plus the repayment of intra-group loans of £13.6m.

Mr Edward Lea, finance director of MFI, said yesterday that the group had made a profit on the disposal of the two companies which were no longer central to MFI's business.

Elsewhere in the document, Mr Derek Hunt, MFI chairman and managing director, says the merger with Asda represents "a unique opportunity to combine the two leading exponents of edge-of-town and out-of-town retailing."

Asda is offering 15 new ordinary shares of 25p for every eight ordinary shares in MFI or a cash alternative of 144p per new Asda share, equivalent to 270p per ordinary share in MFI.

On the basis of last night's closing prices for Asda, of 150p, down 2p on the day, the offer values MFI at £563m or 281.2p a share. MFI closed at 280p, down 10p on the day.

On the day the merger was announced, Asda's shares climbed to 164p valuing MFI at £615m or 307.5p a share. The first closing date for the recommended offer is May 14.

McLeod Russel expansion

McLeod Russel has made two acquisitions, the first a 31.4 per cent minority holding in Iffley Cotton that it did not previously own, and the second the whole of the capital and inter-group loan of Kurumel Plantations from Pioneer Concrete Services of Sydney, Australia.

The Iffley stake will cost A$3.9m (£2m) in cash with a further payment equal to 31.4 per cent of profits for the year to the end of next June. Consideration for Kurumel will be Kina 2.5m (£1.91m).

Iffley has over 7,000 acres of cotton which are now being harvested, and Kurumel owns tea and coffee plantations in Papua New Guinea.

Net assets of Iffley at the end of last June were £11.56m and pre-tax profits for the previous 18-month period was £1.25m. Net assets of Kurumel at the same date were £2.29m and pre-tax profits were £177,000.

MINING NEWS

Sonora to use £31m loan as platform for gold expansion

BY KENNETH MARSTON, MINING EDITOR

Sonora Gold of Canada aims to become one of the largest and lowest cost gold producers in North America now that the Bank of America is providing a loan of US$40m (£31.4m) for the development of the company's Jamestown gold deposits on California's "Mother Lode" gold belt, 125 miles east of San Francisco.

The loan will be used to complete mine and mill construction and provide working capital to finance the start-up phase of operations. The Bechtel group will construct the mine complex and together with ABM Mining will provide a team to operate the mine.

Six separate deposits extend over five miles. Open-pit ore reserves are estimated at 24.8m tonnes averaging 0.065 ounces (2 grammes) gold per tonne. The deeper underground reserves are put at a possible 12.9m tonnes with an average grade of 0.136 oz (4.2g). The limits of the orebodies have not yet been defined.

The ore reserves presently estimated would give a mine life of 21 years on the basis of a 6,000-tonnes-per-day open-pit mining operation. In the hope of actual reserves proving to be higher, Sonora has purchased a mill capable of being expanded to handle 10,000 tonnes of ore a day.

Sonora estimates that in the early years the operation's break-even costs will equal US$168 per ounce of gold before bank interest. Mr Ian Wright, a director of Sonora, said yesterday that construction work was almost complete and once the water discharge permit had been received the mine could be in production within about six months.

Lower metal prices take Cominco into the red

CANADA'S Cominco metals and chemicals group has started the year with first quarter loss of C$600,000 (£347,500) after taking in an extraordinary gain of C$9.4m from the sale of part of the company's holding in Pine Point Mines.

The loss compares with a net profit of $4.5m a year ago and the subsequent 1984 total profit of C$24.2m.

Inevitably, Cominco has suffered from lower prices for its zinc, lead, silver and gold despite maintained sales. However, it is pointed out that the recent weakness in the Canadian dollar has been a helpful factor in earnings.

The company's chemicals and fertilisers division earned an operating profit of $8m, compared with $13.4m in the same period of last year. Sales of ammonia and urea were lower but significantly higher prices were obtained. On the other hand, potash prices fell in line with over-supply in U.S. markets.

Cominco says that the zinc outlook for the rest of this year is one of improved prices and consumption consistent with a gradual weakening of the U.S. dollar and strengthened western world economies. Lead prices are expected to remain at low levels. Sales of fertilisers should increase.

Pine Point Mines earned $2.8m in the first quarter compared with $2.4m a year ago. During the latest period the mine increased its sales of zinc and lead concentrates, but prices remained weak. Open-pit operations are expected to be carried out as planned in 1985 and there will be continued testing of the feasibility of underground mining.

BASE LENDING RATES

A.B.N. Bank	13 %	C. Hoare & Co.	12¾%
Allied Irish Bank	12¾%	Hongkong & Shanghai	12¾%
Henry Ansbacher	12¾%	Johnson Matthey Bkrs.	13 %
Amro Bank	13 %	Knowsley & Co. Ltd.	13¼%
Associates Cap. Corp.	14 %	Lloyds Bank	12¾%
Banco de Bilbao	12¾%	Edward Manson & Co.	14 %
Bank Hapoalim	12¾%	Meghraj & Sons Ltd.	13 %
BCCI	12¾%	Midland Bank	12¾%
Bank of Ireland	12¾%	■ Morgan Grenfell	13 %
Bank of Cyprus	12¾%	Mount-Credit Corp. Ltd.	12¾%
Bank of India	12¾%	National Bk. of Kuwait	12¾%
Bank of Scotland	12¾%	National Girobank	12¾%
Banque Belge Ltd.	12¾%	National Westminster	12¾%
Barclays Bank	12¾%	Northern Bank Ltd.	13 %
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12¾%
Brit. Bank of Mid. East	12¾%	People's Trust	14 %
■ Brown Shipley	13 %	Provincial Trust Ltd.	13½%
CL Bank Nederland	12¾%	R. Raphael & Sons	12¾%
Canada Permanent	12¾%	P. S. Refson	13 %
Cayzer Ltd.	12¾%	Roxburghe Guarantee	13½%
Cedar Holdings	14 %	Royal Bank of Scotland	12¾%
■ Charterhouse Japhet	12¾%	Royal Trust Co. Canada	12¾%
Choulartons**		■ Henry Schroder Wagg	12¾%
Citibank NA	12¾%	Standard Chartered	‖12¾%
Citibank Savings	¶12¾%	TCB	12¾%
Clydesdale Bank	12¾%	Trustee Savings Bank	12¾%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12¾%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12¾%
Consolidated Credits	13½%	Westpac Banking Corp.	13 %
Co-operative Bank	*12¾%	Whiteaway Laidlaw	13½%
The Cyprus Popular Bk.	12¾%	Williams & Glyn's	12¾%
Dunbar & Co. Ltd.	12¾%	Wintrust Secs. Ltd.	12¾%
Duncan Lawrie	12¾%	Yorkshire Bank	12¾%
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	12¾%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12¾%		
■ Guinness Mahon	12¾%		
■ Hambros Bank	12¾%		
Heritable & Gen. Trust	12¾%		
■ Hill Samuel	§12¾%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%, 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

UK COMPANY NEWS

Clayform coming to USM through 2.5m share offer

BY STEFAN WAGSTYL

Clayform Properties, which specialises in the development of shopping malls and high technology factories, is coming to the USM with a market capitalisation of £16.1m.

Samuel Montagu, the merchant bank, is offering for sale 2.5m shares, equal to 26 per cent of Clayform's equity. The rest will stay in the hands of ith directors, their families and Electra Investment Trust.

The company concentrates on developments which are prefunded by institutional investors. Formed in 1981, Clayfoam has so far completed schemes worth a total of £32m, with another £44m now under development, including its largest project to date—a shopping centre in Guildford.

It has plans to start developments worth £65m in the next two years, among them a £44m shopping centre in Leeds.

Profits have grown rapidly from £56,000 pre-tax for the 17 months to the end of March 1982, to £175,000 the following year, and £549,000 in the nine months to the end of December 1983.

Last year, Clayform made just over £1m pre-tax and for 1985 it is forecasting not less than £2.5m.

The group's high technology developments, designed for electronics companies and similar tenants, are concentrated in towns close to the M4 motorway. The retail schemes, which account for about two-thirds of its business, are carried out throughout England. Typically, Clayform takes on High Street sites, often occupied by department stores, and develops them by either converting the existing buildings, or building new ones.

A major step in the company's expansion was the acquisition last year of Schofields, a Leeds-based group of three department stores, for £16.1m. Clayform intends to move Schofields' Leeds shop to new premises and build a £44m shopping mall on its existing site. Schofield's stores in Harrogate and Skipton are to continue trading.

The proceeds of the share offer will help reduce borrowings, which have been used to help pay for Schofields. Of the shares being sold, 1.3m are new shares being sold to raise £1.68m

Allowing for this, net assets will be around £5m, against net borrowings of £17.5m, of which £14.5m is a low-interest loan from the institution which will fund the Schofields development, due to start in mid-1986 and end in 1988.

The board is headed by Mr David Hyman, the executive chairman, who formerly ran the Henderson - Kenton furniture retailing group taken over by Harris Queensway in 1980. He and his fellow directors say that Clayform's development programme is a strong foundation for growth in 1986 and 1987.

The shares are being offered at 165p, on a multiple of 10.4 times forecast earnings, given an estimated 41.25 per cent tax charge.

A 5p net dividend is forecast for 1985, with an indicated full year payout of 7.5p, making the yield 6.5 per cent. The net asset value per share is 50p.

Brokers to the issue are W. Greenwell.

• comment

Clayform Properties is an extreme example of that breed of developer which relies on outsider to fund its schemes and shies away from building an investment portfolio of its own. The name of the game is to accumulate cash and pay out healthy dividends rather than create property assets. It its relatively short life, Clayform has proved itself very adept at this activity—coming to market with a strong profit record and an impressive series of developments, which have involved some of the City's largest institutional investors. Clearly there are risks in moving so quickly in property, particularly as Clayform has needed to borrow quite heavily on the way—after the flotation and taking out the Schofields bridging loan, net debt will still be £8m against shareholders' funds of £5m. However, the group's emphasis on prime sites—both retail and industrial — minimises the dangerous. Moreover, the group's expanion over the next few years is bedded firmly on the large Schofields scheme. All this seems to support the 165p offer price—on a 10.4 p/e Clayform is broadly in line with two comporable companies on the market, London and Edinburgh Trust and Speyhawk. The 6.5 per cent yield should make the shares particularly attractive for income-minded funds which rarely get the chance to invest in young companies since these generally aim to reward investors with capital growth rather than dividends.

Clement Clarke falls 40%

A NEAR 40 per cent fall in pre-tax profits from £2.15m to £1.29m was experienced in 1984 by Clement Clarke (Holdings), the dispensing optician. However, after stripping out £401,000 of arrears of professional fees in 1983 the underlying fall was 26 per cent.

The dividend total, however, is being lifted from 4.063p to 4.333p by a higher final payment of 2.888p. Earnings per 25p share were 5.6p lower at 8.43p.

Profits were achieved on turnover of £18.98m, against £17.56m, and were subject to tax of £620,000 (£1.03m). There were extraordinary charges of £50,000 (£156,000), leaving the available balance at £624,000 (£956,000).

At halfway, when profits were down from £831,000 to £610,000, the directors said that the outlook for manufacturing subsidiaries in the second half was good but uncertain for the optical retail sector.

Persimmon

The offer for sale of 4.1m ordinary shares in Persimmon, at 100p per share, has been oversubscribed with applications being received for a total of 9.35m shares, excluding employee applications. The basis of allotment is that applications for 200-1,000 shares will be met in full; for 1,200 to 5,000 shares, approximately 60 per cent with a minimum of 1,000; for 5,500 to 11,000 approximately 50 per cent with a minimum of 3,000; and for 12,000 and over, approximately 38 per cent, with a minimum of 5,000.

Applications from employees have been met in full and resulted in the allotment of 17,350 shares. Dealings will start on April 29.

Cooper

On turnover of £24.13m for the year to the end of January 1985 Cooper Industries has produced pre-tax profits of £644,000. This compares with turnover of £15.35m and profits of £310,000 for the nine months to the end of January 1984.

Earnings per share are shown as 2.2p (0.9p) and there is a final dividend of 0.45p, which gives a total of 0.75p for the year, against a single 0.5p payment for the nine months. Company activities include steel re-rolling, precision engineering and tool distribution.

Hollis Bros

Hollis Bros and ESA, an 81.7 per cent owned subsidiary of Pergamon Press, more than doubled its taxable profits in 1984 from £367,000 to £863,000.

While there is still no dividend, the directors hope to resume payments as soon as possible.

Hollis is engaged in timber importing, plastic moulding, educational and contract furniture manufacturing. Turnover rose from £20.42m to £30.11m.

Ryan Intl.

Ryan International, the coal group recently rescued with a capital reconstruction led by Mr Crispian Hotson, now managing director, has sold its loss-making U.S. operations for £45,000.

Total Energy Leasing, the buyer, has assumed debt relating to the operations totalling U.S.$2.3m (£1.8m), and Ryan has also repaid £708,990 in final settlement of £1.17m of UK loans. Its net borrowings are reduced to £6.2m against net assets of £7.8m.

The U.S. operations made a £3.15m loss in 1984 after a £2.3m writedown of plant.

Stewart Nairn

The enlarged Stewart Nairn Group raised its turnover from £231,000 to £4.59m in the six months to December 31, 1984 but returned pre-tax profits of £10,000, against a previous £203,000.

Basic earnings per share were 0.006p (0.29p) and basic net asset value per share was 14.72p (14.04p). Trading figures show a return to profitability, but the results do not yet justify payment of an interim dividend. The group is engaged primarily in property investment, development, trading and management.

Bairstow Eves buys

Further expansion is announced by estate agents Bairstow Eves with the acquisition for £400,000 of Millers Estate Agents. The consideration will be met by £285,000 cash and the issue of 154,362 shares, valued at 74.5p each.

Millers operates from offices in Banbury and Northampton, and will increase the Bairstow Eves group sales offices to 114. Millers is expected to contribute profits of no less than £100,000 in the year beginning May 1985.

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 11¾ per cent, unchanged from last week and compares with 9¾ per cent a year ago. The bonds are issue at par and are redeemable on April 30 1986.

A full list of issues will be published in tomorrow's edition.

Abaco purchase

Abaco Investments is paying £275,000 for a 49 per cent interest in Chesham Hill (Holdings), a company formed to acquire the 70 per cent interest in Chesham Hill held by Central & Sherwood.

Klark Teknik trebles interim profit

IN ITS first figures since joining the USM last November, Klark Teknik, advanced sound processing and communication equipment maker for the electronic media markets, reveals a 103 per cent expansion in turnover to £1.5m and profits more than trebled from £212,000 to £640,000 for the six months ended January 31, 1985.

The directors say that the group's position remains strong in all its major world markets accounting for 83 per cent of sales value.

As stated in the prospectus last year, no interim is being paid but the directors hope to recommend a final distribution of 0.6p net per share, payable in December.

Commenting on the full year Mr Phillip M. Clarke, chairman, says that prospects for the 12 months depend on sales, and to a small degree, international currency movements. He adds, however, that it would "not be realistic to expect the same percentage growth achieved in the first half to follow through for the full year."

For the whole of the year ended last July turnover amounted to £1.78m and taxable profits were £701,000.

Six months' tax charge is given as £259,000, compared with £102,000 previously, and after minority interests of £22,000 (£1,000), the attributable balance emerged £250,000 higher at £359,000. Stated earnings per share are shown as 2.58p, against 0.78p.

In their prospectus, last October, the directors said that while they considered it too early to make a forecast for the whole of the current year, they said the year had started "exceptionally well with an encouraging level of orders."

They added that margins were benefiting from the current strength of the dollar and that in those circumstances they were confident of continuing excellent growth.

Commenting on the interim period, Mr Clarke says that sales by the group's U.S. subsidiary have been very satisfactory while the 10 standard products in the group's range, during the equivalent period last year, have shown "satisfactory sales growth."

The strength of the dollar during the six months contributed to group profits, the directors point out, and they have substantially protected this position with forward purchase of sterling requirements.

They add, however, that unit sales have not been particularly helped by weak sterling against the dollar as the group's U.S. selling prices, in dollars, have been maintained.

Excellent results were achieved with the group's DN 780 digital reverberator / processor, introduced last October.

Scott & Robertson turns in £1m and pays 2.5p

PRE-TAX profits of Scott & Robertson, packaging products and fabric manufacturer, amounted to £1.02m for 1984 from turnover of £19.64m. This is compared with a surplus of £785,000, and £17.79m turnover, for the previous 10 months.

Halfway profits were £556,000, against £397,000 which were restated to exclude results of Tay Textiles, sold in October 1983.

A final dividend of 1.6p (1.25p) lifts the 12 month total to 2.5p (2p). Earnings per share are given as 11.86p (10.31p).

Struck after depreciation charges on fixed tangible assets up from £467,000 to £613,000, operating profits amounted to £1.18m for the year against a previous £825,000.

Pre-tax figure was after £103,000 (nil) for the employee share scheme and interest charges of £61,000 (£40,000). Tax was up from £26,000 to £150,000.

Minority interests took £20,000, against £22,000 and after lower extraordinary debits of £176,000, compared with £560,000, attributable profits emerged up from £177,000 to £671,000.

Hadson sells UK assets to Britoil

Shares of Hadson Petroleum International (HPI) were suspended from trading on Monday at the company's request following the announcement that it will sell its UK assets to Britoil for £27m.

Upon completion of the sale HPI will receive £27m to add to current cash balances of £8m. After taxes it is estimated that the group will have a net cash position of approximately £30m.

HPI's budgeted 1985 exploration and development programme would have significantly reduced its cash position by the end of this year, the directors say.

Competition of this sale will enable the group to continue its active exploration in Spain, Indonesia, and South Korea, and will give the company added strength to pursue exploration opportunities in South America, Africa and the Far East, it is stated.

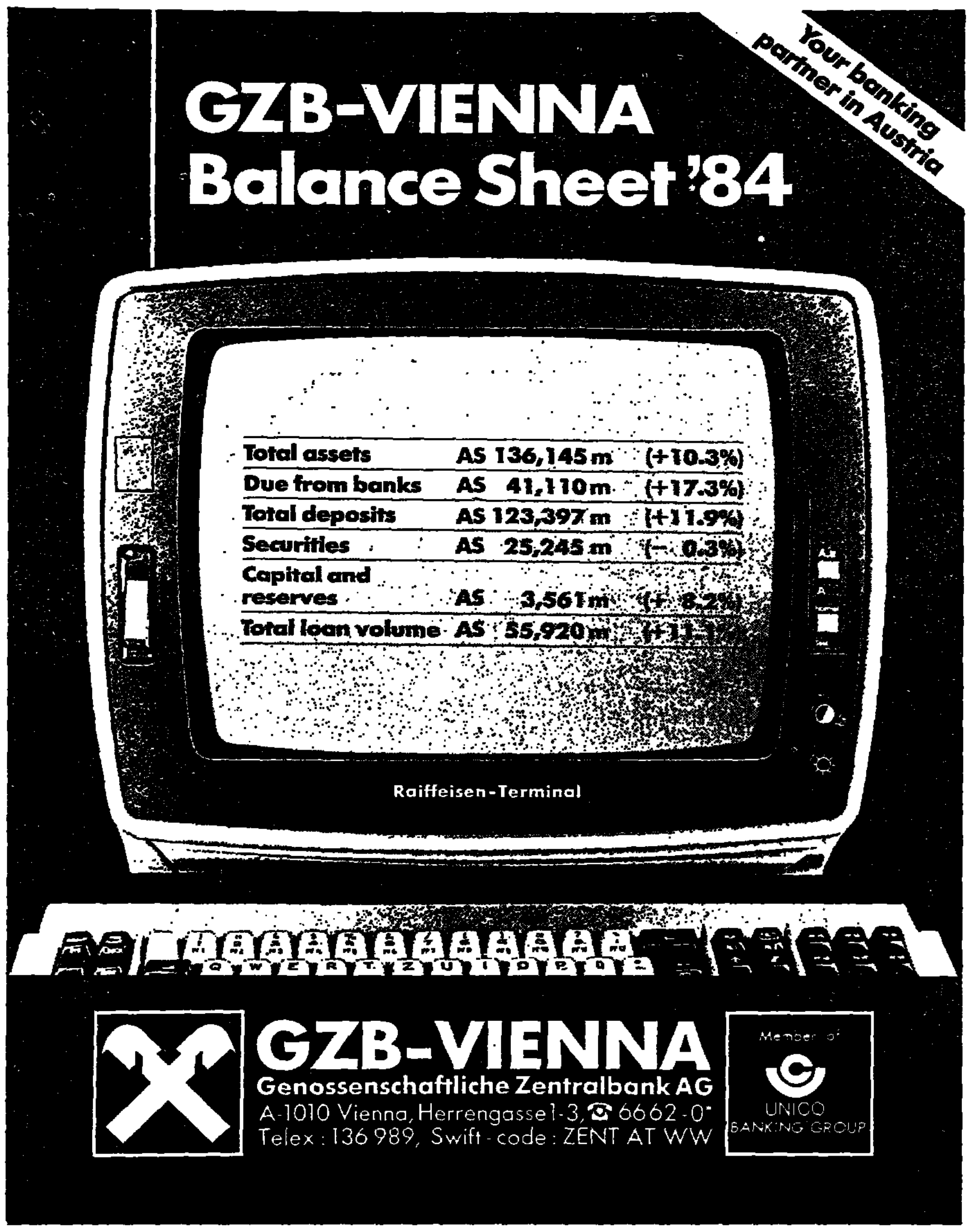
HPI and its subsidiaries are involved in Indonesian exploration activities encompassing 52,000 square kilometres in four different concessions, with existing firm work commitments totalling $9m. Further contingent obligations total $20m.

Exploration activities in the offshore area of South Korea Block V are proceeding satisfactorily, directors say.

Although audited results for 1984 have not yet been finished they say it is likely that HPI will show a small profit for tha year.

Hadson Petroleum Corporation has notified the HPI board of its desire to initiate discussions which may or not lead to an offer being made for the HPI shares not already owned.

Corporation owns 47m (76 per cent) of the 62m outstanding HPI ordinary. The remaining 15m shares are held by UK investors.



FT COMMERCIAL LAW REPORTS

Foreign law defence barred in sherry case

WILLIAMS & HUMBERT LTD v W & H TRADE MARKS (JERSEY) LTD AND OTHERS

RUMASA SA AND OTHERS v MULTINVEST (UK) LIMITED AND OTHERS

Court of Appeal (Lord Justice Fox, Lord Justice Lloyd and Sir John Megaw): April 3 1985

WHERE A company controlled by a foreign state sues for recovery of assets situated in England, the *defendant* cannot assert that the action *is an attempt* by the *state* to enforce its expropriatory laws if the relevant laws were already in force and recognised by English law before the action began, or if the assets were not the subject matter of the laws and would be recoverable by the company and not by the state.

The Court of Appeal so held by a majority (Lord Justice Lloyd dissenting), when dismissing appeals by W & H Trade Marks (Jersey) *Ltd* and others, defendants in one action, and *Multinvest* (UK) *Ltd* and others, defendants in another action, from orders made by Mr Justice Nourse on interlocutory applications in the two actions (*FT, January 15, 1985*).

In the first action, the "trade *marks*" action *brought* by Williams & Humber Ltd, an English company, the judge struck out part of the amended defence. In the second action, the "Multinvest" action brought by Rumasa SA, a Spanish company, and its two *subsidiary* banks, Jerez and Norte, he *refused* an application for leave to amend the defence. Mr Jose Maria Ruiz-Mateos was a defendant to both actions.

LORD JUSTICE FOX said that Williams & Humbert, sherry and port shippers from about 1877, marketed *Dry Sacks sherry* and was absolutely entitled to the trade marks in that name. It became incorporated in 1952.

In 1972 Rumasa acquired the whole of the issued share capital of Williams & Humbert's holding company. The shareholding in Rumasa was then owned 50 per *cent by Mateos and the* remainder by his brothers and sister.

At the end of 1975 and in early 1976 certain transactions were effected in relation to the Dry Sacks trade marks. Williams & Humbert agreed to assign the trade marks to W & H (Jersey), a company incorporated for the *holding or of trade marks*, and W & H (Jersey) agreed to grant licences back to Williams & Humbert to use the marks.

It was a condition of the agreement that W & H (Jersey) could terminate the licences without notice if part of the Rumasa share capital or assets, or those *of its subsidiaries, should* be compulsorily acquired.

The issued share capital in W & H (Jersey) was registered in the name of a Jersey trust company. It held the *shares on* trusts for Mr Mateos, his brothers and sister, or their descendants; but in the event of confiscation, they were to be held for them absolutely.

All those arrangements had taken *effect by the end of 1960.*

In 1983, decrees were enacted in Spain expropriating all sahres in some 230 companies *in* the Rumasa group, including Rumasa, Jerez and Norte. Spain was to take immediate possession and *to assume* all *powers* of company operation.

As a result the shares in W & H (Jersey) became held on trust for the beneficiaries absolutely, and Spain controlled Williams & Humbert through Rumasa.

The effect of the 1976 arrangements was to remove the Dry Sacks trade marks from Williams & Humbert and to vest the benefit of them in Mr Mateos and his family.

Williams & Humbert started the "trade marks" action, in which it claimed rescission of the arrangements on the ground *inter alia*, that they were *ultra vires* the company.

The amended defence in that *action alleged that the plaintiffs* were not entitled to relief because the proceedings were an attempt to enforce a foreign penal law, or a law which otherwise ought not to be enforced by the English court.

Williams & Humbert sought to have it struck out as dis*closing no reasonable defence*.

The "Multinvest" action arose out of loans of about $46m made during 1982 by Jerez on the direction of Norte, to various puppet companies. They all gave instructions for the loans to be credited to accounts controlled by Multinvest NV, a *Netherlands company, owner of* the issued share capital of Multinvest UK. Before February 1983 the entire issued share capital of Multinvest NV was held to the order of Mr Mateos.

The State of Spain caused Rumasa, Jerez and Norte to commence the Multinvest action, *alleging that Mr Mateos acted* in breach of his fiduciary duties to them.

Mr Mateos had put in a defence, and sought to amend it by raising a similar defence to that pleaded in the Trade Marks action.

Mr Justice Nourse concluded *that the defences* were bound to fail. He therefore struck out the material part of the amended defence in the Trade Marks action, and refused leave to *amend in the Multinvest action*.

English law recognised the authority of a foreign state to legislate about property within its border. If that property had been brought *under* the control, within the foreign jurisdiction, of the person to whom title was given by the foreign legislation, the English courts would not interfere with his title or possession (see *Luther v Sagor [1921] 3 KB 532; Princess Paley Olga [1929] 1 KB 718*).

In the present case, the decrees were in no way in excess of territorial jurisdiction and would be recognised in England. It was, however, a *principle of English law that* the courts had no jurisdiction to entertain an action for the enforcement of a penal law of a foreign state.

Much reliance was placed by the appellants on *Peter Buchanan [1955] AC 491* n where proceedings in Ireland were brought to collect Scottish revenue debts. Since the Irish courts, like most others would not collect the Revenue debts of another country, the claim failed.

The purpose of the relevant *foreign law in that case was* the collection of revenue, and it could not be achieved without the aid of the law of the forum. In the present case the purpose of the relevant foreign law was to acquire the shares in Rumasa *companies. That had* been achieved and the assistance of the law *of* the *forum* was not necessary.

The contention that the Trade Marks action was an attempt by the Spanish State to enforce the *decrees indirectly* in respect of property in England (i.e., the *trade marks*), *was without* foundation in English law.

The purpose of the decrees was to obtain control of Rumasa. With that would go control of Williams & Humbert. All that had been fully achieved. The decrees were recognised as valid by English law and had been carried *into effect. The share*holding in Rumasa had been transferred.

To talk of "enforcement" of the decrees was beside the point. So far as they were concerned, there was nothing left to enforce.

Williams & Humbert was seeking to recover its trade marks. That was not an enforcement of the decrees directly or indirectly. It was an enforcement of the ordinary rights of Williams & Humbert under the law of England. The decrees formed no part of the cause of *action*.

If the persons at present controlling Williams & Humbert were lawfully in control, then the decrees were irrelevant. The cause of action existed before they were enacted, and was not *affected by them*.

There was no basis on which English law, having recognised the fully implemented decrees, could cut down their effect. The *subject of the decrees was* the shares and rights incident thereto.

The action was not in form a claim by the Spanish State, and there was no justification in English law for disregarding the *separate corporate personality* of Williams & Humbert or for treating it as if it were the Spanish State.

As a result what Williams & Humbert recovered must be regarded as recovered for the *benefit of* the company. The fact that it was indirectly controlled by the State did not alter that circumstance.

A result which put assets of a company beyond the reach of its creditors was plainly un*acceptable*.

The same considerations applied to the Multinvest action, save that the claim was made by Spanish companies whose shares were the subject of the decrees. There was no basis for refusing them *relief* to which they would otherwise be entitled. They would have been entitled to sue before the decrees were enacted, and the decrees could not destroy that right.

The defence was bound to fail in both actions. The appeals *should be dismissed*.

Sir John Megaw agreed.

LORD JUSTICE LLOYD, dissenting, took the view that the defence was arguable and declined to hold that the pleading in the Trade Marks action disclosed no reasonable defence. He would allow the appeals in both cases.

For the plaintiffs in both actions: C. A. Brodie QC, Alan Steinfeld and Daniel Gerrans (Herbert Smith & Co.).

For the defendants in the Trade Marks action: Mark Littman QC, Robert Reid QC and Simon Berry (Denton Hall & Burgin).

For the defendants in the Multinvest action: Mark Littman QC, Robert Reid QC and W. R. Stewart Smith (Denton Hall & Burgin).

By Rachel Davies
Barrister

Company Notices

UNILEVER N.V.
Rotterdam The Netherlands
ANNUAL GENERAL MEETING OF SHAREHOLDERS

On Wednesday, 15th May, 1985 at 10.30 a.m. in the "Kleine Zaal" of the "Concert- en Congresgebouw de Doelen", entrance Kruisplein 30, Rotterdam

AGENDA

1. Consideration of the Annual Report for the 1984 financial year submitted by the Board of Directors.
2. Approval and adoption of the Annual Accounts and appropriation of the profit for the 1984 financial year.
3. Appointment of the members of the Board of Directors.
4. Appointment of Auditors.
5. *Designation, in accordance with Articles 96 and 96a of Book 2 of the Netherlands Civil Code, of the Board of Directors as the company body authorised in respect of the issue of ordinary shares in the Company.*
6. *Proposal for alteration of Article 8 of the Articles of Association.*

This agenda, the Report and Accounts for 1984, together with the Report of the Auditors and the further documentation pertaining to the Agenda are available for inspection by shareholders and holders of certificates issued by N.V. Nederlandsch Administratie- en Trustkantoor at the Company's office, Burg s'Jacobplein 1, Rotterdam, and at the office of the Bank mentioned below, where copies may be obtained free of charge.

(A) Holders of bearer shares or sub-shares wishing to attend the meeting either in person or by proxy appointed in writing must deposit their share certificates and sub-share certificates by Wednesday, 8th May, 1985 at the Company's office or at the office of the Midland Bank plc, Mariner House, Pepys Street, London EC3N 4DA or any of its branches. Upon production of the receipt then issued to them such holders will be admitted to the meeting.

(B) Holders of registered shares for which certificates have been issued in another form and holders of booked shares wishing to attend the meeting either in person or by proxy appointed in writing must notify the Company of their intention by letter, stating the numbers of the share certificates or of the bookings for the shares, which must reach Unilever N.V., Afdeling Effecten en Coupons, Burgemeester s'Jacobplein 1, Rotterdam, The Netherlands, by Wednesday, 8th May, 1985.

(C) Holders of certificates for shares in Unilever N.V. issued by N.V. Nederlandsch Administratie- en Trustkantoor of Amsterdam, "Nedamtrust certificates", wishing to attend the meeting without taking part in the voting must deposit such certificates by Wednesday 8th May, 1985 at any of the offices mentioned in (A) above. Upon production of the receipt then issued to them, such Nedamtrust certificate holders will be admitted to the meeting.

(D) Holders of certificates for shares in Unilever NV issued by N.V. Nederlandsch Administratie- en Trustkantoor in the name of Midland Bank Trust Company Limited (or in its former name Midland Bank Executor and Trustee Company Limited), "sub-share certificates", wishing to attend the meeting without taking part in the voting must deposit such sub-share certificates with Midland Bank plc by Wednesday 8th May, 1985. Upon production of the receipt then issued to them such sub-share certificate holders will be admitted to the meeting.

(E) If holders of the certificates mentioned in (C) and (D) above wish to exercise voting rights at the meeting either in person or by proxy appointed in writing, NV Nederlandsch Administratie- en Trustkantoor will exchange such certificates free of charge for original shares, which it will hold in the names of such holders at its own office (such office being the designated place of deposit in the event) and exchange the same again after the meeting free of charge for Nedamtrust certificates to be issued to such holders in accordance with the conditions of administration of these certificates. For such purposes holders must by Tuesday 7th May, 1985:

surrender their certificates for Fl.20 or a multiple thereof (but, in the case of certificates for 7% cumulative preference shares, representing a total nominal amount of Fl 1,000 or a multiple thereof) to NV Nederlandsch Administratie- en Trustkantoor, N.Z. Voorburgwal 326-328, Amsterdam, and-or

surrender their sub-share certificates for Fl.12 nominal amount or multiples thereof, representing a total nominal amount of at least Fl 60 per class (but in the case of *sub-share certificates for 7% cumulative preference shares, representing a total nominal* amount of Fl.1,000 or a multiple thereof) to Midland Bank plc.

The certificates so surrendered must be accompanied by a form obtainable free of charge from *N.V. Nederlandsch Administratie- en Trustkantoor, Amsterdam, and Midland Bank plc*, London. Upon production of the receipts then issued by NV Nederlandsch Administratie- en Trustkantoor and Midland Bank plc respectively the holders will be admitted to the meeting.

The receipt issued by *Midland* Bank plc for sub-share certificates so surrendered incorporates a two-way proxy form.

Rotterdam, 23rd April, 1985 — THE BOARD OF DIRECTORS

ACCOR

CORPORATION ORGANIZED UNDER FRENCH LAW (SOCIETE ANONYME)
CAPITAL: FRENCH FRANCS 890 218 700
REGISTERED HEAD OFFICE: 2 RUE DE LA MARE NEUVE 91000 EVRY K (FRANCE)
COMMERCIAL REGISTER: CORBEIL-ESSONNES B 602 036 444.
FIRST NOTICE TO HOLDERS OF BONDS 7½% 1984-1999 OF U.S. DOLLAR 1.000 EACH, CONVERTIBLE INTO ORDINARY SHARES OF *ACCOR*

The holders of International Bonds 7½% 1984-1999 issued by Accor and convertible into ordinary shares are called to an Ordinary General Meeting to be held at 50. Bld Haussmann Paris 9EME (France) on May 9 1985 at 3 pm in order to consider the following agenda:

—Appointment of the bondholder's representatives.
—Determination of the bondholder's representatives' powers, and of their remuneration.

Approval of the proposal to be submitted on May 28, to the share holders at an Extraordinary General Meeting to renounce to their preferential right to subscribe to new debentures within warrants to subscribe to common shares.

To permit the bondholders to attend or to be represented at this meeting the bonds, or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these bonds and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of 25 per cent of the outstanding bonds are present in person or represented.

The Board of Directors

ACCOR

SOCIETE ANONYME INCORPORATED WITH LIMITED LIABILITY IN FRANCE
2 RE DE LA MARE NEUVE, 91021 EVRY (FRANCE)
NOTICE TO THE HOLDERS OF THE U.S. DOLLAR 40.000.000
7½% CONVERTIBLE BONDS DUE 1999 OF ACCOR

Notice is hereby given by the Board of Directors of Accor to the holders of the U.S. Dollar 40.000.000 7½ per cent Convertible Bonds due 1999 of Accor that in application of Article 1961 of law dated July 24th 1966 it was decided in its meeting of April 18th 1985 to suspend the right to convert the bonds into ordinary shares of Accor from April 14th 1985 to August 13th 1985 included.

SWISS BANK CORPORATION (OVERSEAS) S.A., PANAMA
SWISS BANK CORPORATION (OVERSEAS) LTD., NASSAU
SBC FINANCE (CAYMAN ISLANDS) LTD., GRAND CAYMAN

NOTICE TO HOLDERS OF THE 6¼% US$ CONVERTIBLE BONDS 1980-90
AND TO HOLDERS OF THE WARRANTS OF THE
6¼% US$ BONDS WITH WARRANTS 1983-93
3¼% DM BONDS WITH WARRANTS 1984-94

We refer to the capital increase of Swiss Bank Corporation and the corresponding notice to the bond and warrant holders of March 7, 1985.

6¼% US$ Convertible Bonds 1980-90

According to the Terms and Conditions of the Bonds the conversion price of US$ 178.- per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each has been reduced to US$ 173.- Upon conversion the difference of US$ 135.- or US$ 1,350.- respectively between the principal amount of such Bond and the reduced conversion price multiplied by 5 or 50 respectively will be paid to the converting bondholder.

Warrants of the 6¼% US$ Bonds 1983-93

According to the Description of the Warrants the purchase price of Sfr. 280.- per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each has been reduced to Sfr. 272.-.

Warrants of the 3¼% DM Bonds 1984-94

According to the Description of the Warrants the purchase price of Sfr. 296.- per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each has been reduced to Sfr. 287.-. The adjusted conversion and purchase prices are effective as of April 19, 1985.

SWISS BANK CORPORATION (OVERSEAS) S.A.
SWISS BANK CORPORATION (OVERSEAS) LTD.
SBC FINANCE (CAYMAN ISLANDS) LTD.

April 19, 1985

SOCIETE GENERALE
$ US 50.000.000,-
FLOATING RATE NOTES DUE 1991

For three months, April 18, 1985 to July 17, 1985, the rate of interest has been fixed at 9 % P.A.

The interest due on July 18, 1985 against coupon nr 24 will be $ US 22.75 and has been *computed on the actual* number of days elapsed (91) *divided by 360.*

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE *DE BANQUE*
15. Avenue Emile Reuter
Luxembourg

AUSTIN REED GROUP PLC

NOTICE IS HEREBY GIVEN that the Register of Members will be CLOSED and the registration of transfers of ALL CLASSES of shares will be suspended from 20 May to 30 May 1985 both dates inclusive.

By Order of the Board
G. J. Tubb
Secretary

Appointments

SYNDICATE ASSOCIATE

A leading international investment group requires an Associate for its *London-based Eurobond Syndicate Department* to act as liaison between London and New York Departments on introduction of new Eurobond products by initiating and maintaining a continuous flow of relevant information pertaining to all segments of Euromarkets. Applicants must have proven ability to analyse market trends: assimilate information generated from trading, sales, syndicate and banking sources, and relate them to clients' needs and be able to determine viability of potential U.S. corporate private placements. A minimum of 2 years' experience in Corporate Bond Syndication required, ideally with some experience gained in *U.S.* trading/underwriting environment. *Education* to BA standard essential, ideally in economics, and fluency in French (in addition to English) desirable. Aged mid-twenties. Salary negotiable.

Please write in strictest confidence, enclosing curriculum vitae, to Box A.8982, Financial Times, 10 Cannon Street, London EC4P 4BY

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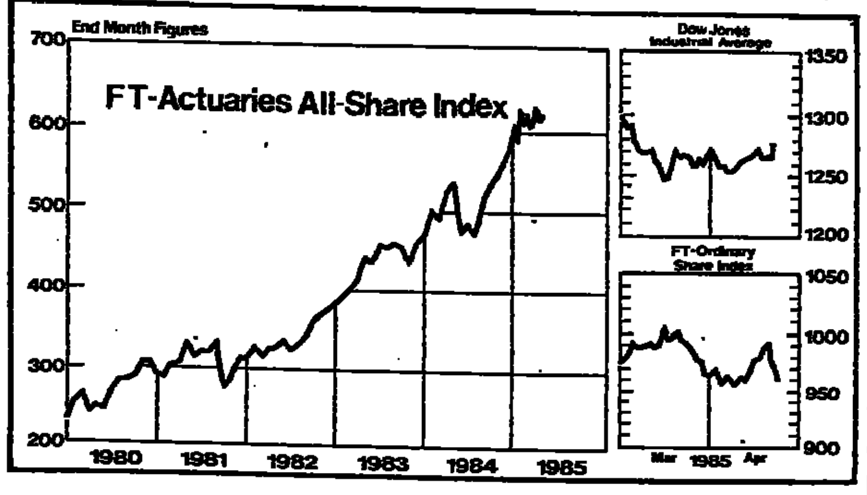
SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday April 24 1985

Cool reception for tightly-priced Eurobonds, Page 38

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 23	Previous	Year ago
DJ Industrials	1,271.97*	1,266.56	1,149.5
DJ Transport	583.37*	582.48	498.05
DJ Utilities	155.31*	154.90	125.87
S&P Composite	181.15*	180.70	177.61
LONDON			
FT Ord	959.6	971.6	887.6
FT-SE 100	1,284.9	1,294.9	1,105.4
FT-A All-share	619.05	624.23	522.44
FT-A 500	678.86	685.61	567.90
FT Gold mines	507.6	512.8	688.0
FT-A Long gilt	10.5	10.47	10.31
TOKYO			
Nikkei-Dow	12,124.14	12,179.92	10,800.8
Tokyo SE	951.08	952.81	848.51
AUSTRALIA			
All Ord.	859.9	848.4	759.3
Metals & Mins.	565.7	550.2	540.7
AUSTRIA			
Credit Aktien	79.59	78.84	54.96
BELGIUM			
Belgian SE	2,233.29	2,224.23	–
CANADA			
Toronto			
Metals & Minls	2,020.7*	2,022.5	2,177.0
Composite	2,633.1*	2,630.7	2,325.2
Montreal			
Portfolio	129.95*	129.98	112.82
DENMARK			
Copenhagen SE	192.44	191.12	192.67
FRANCE			
CAC Gen	213.0	213.3	173.0
Ind. Tendance	115.9	116.4	90.7
WEST GERMANY			
FAZ-Aktien	424.85	424.67	359.58
Commerzbank	1,230.4	1,230.1	1,022.7
HONG KONG			
Hang Seng	1,511.63	1,487.40	1,115.85
ITALY			
Banca Comm.	275.14	276.44	216.48
NETHERLANDS			
ANP-CBS Gen	206.4	207.2	159.0
ANP-CBS Ind	166.4	166.3	126.9
NORWAY			
Oslo SE	316.26	313.51	281.47
SINGAPORE			
Straits Times	795.04	787.99	995.23
SOUTH AFRICA			
Golds	n/a	1,116.3	1,033.7
Industrials	n/a	972.9	1,058.8
SPAIN			
Madrid SE	110.02	110.15	82.11
SWEDEN			
J & P	1,435.35	1,430.71	1,527.5
SWITZERLAND			
Swiss Bank Ind	418.0	419.2	372.3
WORLD	Apr 22	Prev	Year ago
Capital Int'l	204.0	204.2	187.3

COMMODITIES

(London)	Apr 23	Prev
Silver (spot fixing)	499.90p	499.90p
Copper (cash)	£1,215.75	£1,186.00
Coffee (May)	£2,084.00	£2,047.00
Oil (spot Arabian light)	$27.60	$27.60

GOLD (per ounce)

	Apr 23	Prev
London	$326.50	$328.50
Zürich	$326.25	$328.50
Paris (fixing)	$325.55	$328.20
Luxembourg	$325.80	$327.60
New York (June)	$328.3*	$330.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Apr 23	U.S. DOLLAR Previous	STERLING Apr 23	STERLING Previous
$	–	–	1.252	1.2775
DM	3.072	3.011	3.845	3.8475
Yen	249.65	248.55	312.25	317.5
FFr	9.365	9.195	11.72	11.77
SwFr	2.5475	2.4935	3.1925	3.185
Guilder	3.4725	3.41	4.35	4.3575
Lira	1,960.0	1,919.0	2,454.0	2,455.0
BFr	61.7	60.55	77.25	77.6
C$	1.358	1.348	1.7025	1.729

INTEREST RATES

Euro-currencies (3-month offered rate)	Apr 23	Prev
£	12⅝	12 7/16
SwFr	5 5/16	5 5/16
DM	5 13/16	5 13/16
FFr	10⅝	10 11/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8⅜
6-month U.S.$	8 13/16	8⅞
U.S. Fed Funds	7⅞*	7.65
U.S. 3-month CDs	8.10*	8.20
U.S. 3-month T-bills	7.72*	7.65

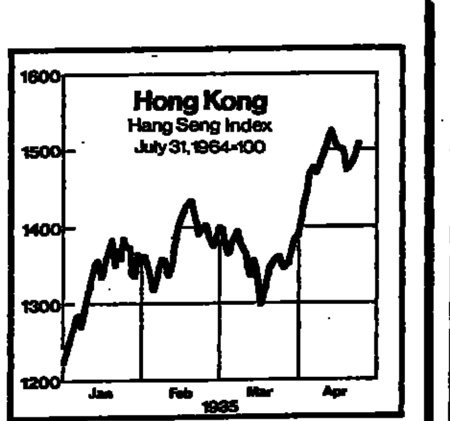
U.S BONDS

Treasury		Apr 23* Price	Apr 23* Yield	Prev Price	Prev Yield
10⅜	1987	101 19/32	9.801	101 27/32	9.671
11⅝	1992	102 29/32	11.126	103 15/32	10.993
11¼	1995	100 5/32	11.228	100 27/32	11.101
11¼	2015	99 13/32	11.315	100 5/32	11.217

Corporate	Apr 23* Price	Apr 23* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	96⅝	11.30	96⅝	11.30
3⅞ July 1990	75	10.18	75	10.18
8⅝ May 2000	77⅞	11.95	77⅞	11.95
Xerox				
10⅞ March 1993	94⅞	11.65	94⅞	11.65
Diamond Shamrock				
10⅝ May 1993	93⅜	11.85	93⅜	11.85
Federated Dept Stores				
10⅜ May 2013	88.253	12.10	88.253	12.10
Abbot Lab				
11.80 Feb 2013	97.186	12.15	97.186	12.15
Alcoa				
12¼ Dec 2012	96.911	12.65	96.911	12.65

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	71–29	72–02	71–25	72–07
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.15	92.17	92.07	92.15
Certificates of Deposit (IMM) $1m points of 100%				
June	91.52	91.57	91.48	91.62
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.15	91.23	91.10	91.19
20-year Notional Gilt £50,000 32nds of 100%				
June	107–07	107–19	107–06	107–15



WALL STREET

Funds rally finds ready response

THE STEADY slide in interest rates on Wall Street was checked yesterday when a rally in the federal funds rate found a ready response throughout the credit market, *writes Terry Byland in New York.*

Short-term rates gave back around 12 basis points of the recent gains, while bond prices gained half a point or so. The stock market, although still discouraged by lacklustre results from major corporations, steadied from early weakness.

At 3pm, the Dow Jones industrial average was up 5.41 at 1,271.97.

There was a slightly cautious response in the credit markets to the latest batch of economic data. A gain of 0.5 per cent in March consumer prices was a shade higher than expected, and raised again the spectre of inflation which is the scourge of bond prices. On the other hand, a drop of 2.3 per cent in durable goods orders last month provided fresh evidence of a slowing economy.

The absence of an early move to cut Federal discount rate, reflected also in firmness in the U.S. dollar, cooled some of the more enthusiastic bond traders. But selling in the bond market was very light, and the market continued to look for further falls in rates.

The stock market opened flat, in the face of falling profits at the oil majors and more bad news from the technology sector. However, most of the selling in these sectors had already been completed, and the market later steadied.

Data General fell by a further $2¾ to $38⅝ after confirming that profits had fallen sharply in the first quarter. But the mainframes rallied from early losses, and IBM added ½ to $128¾, Burroughs $⅝ to $59¾, and Digital Equipment was unchanged at $100.

In oils, however, Exxon dipped $¾ to $52 and Atlantic Richfield $⅝ to $48. Ashland Oil inched up $⅛ to $30⅝ on the results.

Results from the steel industry were received calmly. Armco steel added ¼ to $7½ while Bethlehem Steel at $17¼ was unchanged, both after their latest trading figures.

The airline sector was chastened by news of a loss at United, which plans to buy Pan American's Pacific operations. At $42⅝, United slipped by $¼. People Express, also reporting a loss, shed $⅛ to $8⅛.

Stock in Phibro-Salomon added $½ to $38⅝ after disclosing excellent trading results for the first quarter. Other brokerage issues to improve in anticipation of good results included Paine Webber, $½ up at $35⅝.

Among the pharmaceutical stocks, Bristol-Myers added $½ to $57⅛ on the increased first-quarter earnings. Merck put on $¼ to $102⅞ in thin trading.

General Motors gave up an early advance to trade $⅝ lower at $70⅝ in response to its results. But Ford was $¼ higher at $43⅝.

Elsewhere in motor-orientated stocks, Borg-Warner at $21⅝ lost $⅛, while Goodyear Tire at $26⅝ gained $⅛, both after trading figures.

Results from Sears Roebuck were slightly above expectations, and the stock rose $⅝ to $33⅝. J.C. Penney at $45⅝ gained $¼ but other retail issues remained quiet.

The highlight among consumer stocks came from Coca-Cola which said it was revising its formula after 99 years, but the stock dipped $⅝ to $71.

Food companies featured Beatrice group, $⅜ up at $31⅛, and Dart & Kraft, $⅞ better at $93, after their respective trading figures.

Meanwhile, the batch of takeover situations continued to trade actively. Another huge turnover in Unocal saw the stock $1¾ higher at $49⅝ after the board offered to buy 50m shares at $72 as its latest defensive strategy against Mr T. Boone Pickens.

Trading in CBS slackened and the stock dipped $⅛ to $109½ as analysts continued to run the tape measure over Mr Ted Turner's bid, and backed away from the high yielding paper offered for CBS stock. RCA, the latest takeover hope among the media stocks, traded unchanged at $43⅝. Crown Zellerbach shaded down by $⅛ to $41⅜.

In the credit market, traders were impressed at mid-session to see Federal funds dipping below 8 per cent once again. The sharp fall in funds since the tax season came to its end has provided the chief support for the view that the Federal Reserve may already have begun to ease policy in order to recharge a sluggish economy.

However, other short-term rates were slow to follow the fund rate downwards. Three-month Treasury bills at 7.72 per cent were 12 basis points up.

The bond market traded quietly, although early gains were clipped as Fed funds eased. The key long bond, the 11.25 per cent of 2015, shed 11/32 to 99 23/32, its first fall below 100 for several sessions.

LONDON

Unreceptive mood for blue chips

LIGHT SELLING of blue chip industrials found the London equity market in unreceptive mood yesterday and the FT Ordinary share index fell sharply for the third consecutive session. It dropped 12.0 for a three-day loss of nearly 32 points to 959.6.

Interest rate uncertainties continued to be the main deterrent to fresh investment. A marked late rally in the dollar failed to restore enthusiasm for international issues which have suffered badly through the sharp recovery in sterling.

Chief price changes, Page 30; Details, Page 31; Share information service Pages 32–33

SINGAPORE

BARGAIN HUNTING and short covering produced a buoyant Singapore market as the Straits Times industrial index rose 7.05 to 795.04 in moderate higher turnover. The political scene in Sabah, which had unsettled the market on Monday, emerged more docile and had little impact on trading.

Among the actives, Promet represented about 10 per cent of the session's volume and ended unchanged at S$1.45, while TDM rose 8 cents to S$3

Elsewhere, Haw Par firmed 4 cents to S$2.22.

SOUTH AFRICA

THE FIRM performance of the bullion price failed to prevent a slide in Johannesburg gold shares.

Randfontein suffered one of the sharpest falls – a R5.50 drop to R218.50 – while Southvaal sustained a proportionally heavier drop of R4 to R91.

Mining financials and other minings followed the downward path of the gold sector with Gencor retreating 75 cents to R27, diamond leader De Beers easing 15 cents to R10.10 and Rustenburg Platinum dropping 25 cents to R17.25.

HONG KONG

FURTHER Jardine Matheson takeover speculation gave strength to Hong Kong and took the Hang Seng index back over the 1,500 threshold with a 24.23 rise to 1,511.63.

Jardine finished the day 20 cents ahead at HK$12.50 after reports that the group may also dispose of its stake in Hongkong Land which was steady at HK$6.30.

Other features of the session were a 30-cent rise for Cheung Kong at HK$16 and the 75-cent surge to HK$45 for Hongkong Electric.

CANADA

AN EARLY decline in Toronto was reversed as investors took heart from the stronger performance on Wall Street.

Northern Telecom traded C$⅛ up to C$48 after Monday's sharply higher first-quarter profit. Among other actives were International Thomson C$⅛ off at C$8¾, Dome Mines C$¼ down at C$12⅝ and Lac Minerals C$⅛ higher at C$36.

EUROPE

Corporate news fuels Frankfurt

CONTINUED OPTIMISM over the outlook for corporate profits took shares to a second successive record high in Frankfurt yesterday before some late profit-taking left prices closing mixed on the day.

The mid-session calculation of the Commerzbank index, up 0.3 at 1,230.4, caught the day's firmest price levels. The subsequent profit-taking began when expected late foreign orders failed to materialise.

The dollar's mild resurgence on the foreign exchanges had little effect on trading, which was described as thin.

Luxury carmaker Daimler was one of the day's bright spots, adding DM 7.20 to DM 666, after a high of DM 668, as it finally acquired a 68 per cent stake in Dornier, the closely held aeronautics group.

The other motor manufacturers were mixed. Volkswagen eased 30 pfg to DM 205.20 and BMW lost DM 2 to DM 373.50 but Porsche added DM 5 to DM 1,195.

Trading in chemicals shares picked up briefly in the wake of 1984 dividends and sharply improved net profit figures from BASF and Hoechst. The DM 9 payout from both, after DM 7 in 1983, was in line with expectations although some disappointment was registered at the lack of a bonus dividend.

BASF ended just 10 pfg higher at DM 205.70 but Hoechst slipped 80 pfg to DM 214. Bayer, expected also to announce a DM 9 dividend today, shed 50 pfg to DM 214.

In the electrical and high-technology sector, IWKA continued its advance, putting on a further DM 3 to DM 311.50, but Siemens shed 80 pfg to DM 546.20 and AEG slipped 20 pfg to DM 112.80.

Bond prices were steady in very quiet trading with most operators remaining out of the market until a clear price trend emerges. The Bundesbank sold a small DM 13.2m of paper after sales totalling DM 21.7m the previous day.

The start of the new, two-week forward market period helped **Brussels** ahead, and the SE index added 9.06 to 2,233.29.

Utilities were also helped by a further ¼-point cut in rates on short-term Treasury certificates.

Ebes put on BFr 10 to BFr 3,110, Tractionel BFr 70 to BFr 4,070 and Intercom BFr 35 to BFr 2,230.

Publication late in the day of the Dutch central bank's annual report inhibited trading in **Amsterdam** where the ANP-CBS General index slipped 0.8 to 206.4.

Among the major companies, Royal Dutch fell Fl 3.10 to Fl 200.30, Unilever shed Fl 1.20 to Fl 344 and KLM slipped Fl 1.70 to Fl 57.50.

In the banking sector, some profit-taking pushed ABN down Fl 3.50 to Fl 429.50, while NMB put on 50 cents to Fl 172.50.

Bond prices were little changed ahead of the state loan tender.

In the event, the Finance Ministry accepted bids totalling Fl 1.25bn for the 7.75 per cent loan, due 1991/2000, which it priced at 100.2 per cent. This produced an average effective yield of 7.72 per cent.

A mixed to lower trend was seen at the start of the new monthly account in **Paris** with the mood soured by concern over the release, late in the day, of the 1984 accounts of the state-owned Renault motor group.

Pernod-Ricard picked up just FFr 1 to FFr 701 in the wake of its lower consolidated net profit but higher 1984 dividend.

A mixed to lower performance was seen in **Zurich** with banks mostly lower despite recent, favourable interim statements. Crédit Suisse fell SwFr 30 to SwFr 2,420, Bank Leu SwFr 95 to SwFr 3,530 and Swiss Bank Corp SwFr 6 to SwFr 379.

Hero shed another SwFr 200 to SwFr 4,050 ahead of today's general meeting of shareholders.

Bonds were steady in moderate volume.

Stockholm turned higher, reversing the downward drift of recent sessions on turnover that picked up to SKr 179.5m from Monday's SKr 53.2m.

Volvo added SKr 2 to SKr 274 as it signed a final agreement with Clark Equipment of the U.S. to form a new construction equipment company, registered in the Netherlands.

In a mostly higher **Copenhagen,** Novo added DKr 35 to DKr 1,465 as it announced a new enzyme product to be used in the manufacture of sweeteners from starch.

Milan and **Madrid** were both easier in quiet trading.

TOKYO

Further ground is given up

LIGHT SELLING continued in Tokyo yesterday, in the absence of buying incentives, driving the Nikkei-Dow market average still lower, *writes Shigeo Nishiwaki of Jiji Press.*

The indicator dropped 55.78 to 12,124.14. Volume totalled 303.13m shares, recovering from Monday's low for the year of 231.99m. Losing issues outpaced those to gain by 453 to 285, with 172 issues unchanged.

Most institutional and individual investors remained on the sidelines, with only stocks handled by securities houses' dealing divisions and speculator favourites traded actively.

Many market participants are closely monitoring moves of biotechnology issues, which have been leading the downward trend since early last week after pushing the market to record levels. Small-lot selling continued to hit these issues, but no sharp drops were recorded since dealers and speculators bought them on their way down.

Yamanouchi Pharmaceutical fell Y70 to Y2,930 at one stage in the morning on light selling, but later buying propelled it back to Monday's closing level of Y3,000. Kaken Pharmaceutical added Y340 to Y2,930 and Green Cross gained Y50 to Y2,900, but Dainippon Pharmaceutical finished Y90 down at Y4,240.

Analysts do not think the rise in some issues indicated a halt in the general downturn in biotechnologies. Yamanouchi, whose margin buying balance remains high, has already lost nearly Y1,500 from a Y4,450 high in February, although its average margin buying price is said to be around Y4,000. This shows that while investors are holding Yamanouchi shares in expectation of a rebound, a slow recovery could unleash massive selling, according to analysts.

Consequently, many leading brokers are trying to shift investor interest from biotechnologies to non-ferrous metals and constructions, but to little avail. Dowa Mining advanced Y14 to Y779 on the day's heaviest trading of 14.95m shares, but Sumitomo Metal Mining dipped Y10 to Y1,770.

Both bears and bulls were represented among institutional investors and brokers on the bond market, reflecting the positive and negative aspects of the drop in U.S. interest rates and the value of the yen. The yield on the barometer 7.3 per cent government bonds due in December 1993 edged up to 6.565 per cent.

AUSTRALIA

SOLID SUPPORT for resource and gold issues by overseas investors injected a firmer tone in Sydney and took the All Ordinaries index 11.3 points higher to 859.8.

Miners were favoured with CRA 22 cents stronger at A$6.60, BHP 20 cents up at A$5.70 and North Broken Hill 12 cents higher at A$2.72. Bougainville was traded 12 cents up to A$2.30 while MIM Holdings picked up 7 cents to A$3.16.

In the broader energy field, Ampol and Hartogen had gains of 15 cents to A$2.80 and A$3.05 respectively.

Adelaide Steamship advanced 20 cents to A$6.80 after indicating its intentions to more than double its current stake in Wormald International, the fire protection and detection group, which firmed 2 cents to A$3.60.

Prices at 3pm, April 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅛	AAR	.48	2.8	13	144	17½	17⅛	17⅛	−⅜
19½	9⅝	AGS			10	25	13	12¾	13	+¼
18⅛	9⅝	AMCA				10	10¼	10¼	10¼	
21	13½	AMF	.50	2.6	56	807	19⅞	19½	19½	−⅛
43¼	24¼	AMR			9	2583	40⅝	40	40⅛	−½
21	18⅝	AMR pf 2.18		10.		28	u21¼	21	21	
25⅞	22⅞	ANR pf 2.67		11.		2	24⅝	24⅝	24⅝	
14¼	8½	APL			37	65	8⅝	8½	8½	−⅛
66⅞	44⅜	ASA	2	3.8		625	53	51¾	52⅛	−⅝
27	14⅜	AVX	.32	2.2	12	271	15⅛	14¾	14¾	−⅜
54	36¾	AbtLab 1.40		2.8	15	1941	50¾	50⅛	50½	−⅛
25⅞	17	AccoWd .44		2.1	17	615	22⅜	21¼	21¼	−⅞
22	12½	AcmeC .40		2.9		14	14	13⅞	14	+⅛
10½	8¼	AcmeE .32b		3.7	11	26	8⅞	8¾	8¾	
17⅜	15	AdaEx 2.11e		13.		113	16¾	16⅝	16⅝	+⅛
20	11⅞	AdmMl .32		2.1	6	21	15½	15⅜	15½	
19½	8⅝	AdvSys .53t		5.4	16	39	9⅞	9¾	9⅞	+⅛
41⅛	25⅛	AMD			12	3815	28⅞	28	28⅝	
12¾	6⅞	Advest .12		1.3		57	9¼	8⅞	9¼	+⅜
14⅝	8¾	Aeriflex			12	24	12¼	12⅛	12⅛	
42⅝	27¼	AetnLf 2.64		6.5	39	1099	40⅝	40⅜	40⅝	
58¾	52⅜	AetL pf5.83e		10.		16	56	55¾	55¾	
35	15¾	Ahmns 1.20		3.5	14	944	34¼	33⅞	33⅞	−⅛
4⅛	2½	Aileen			21	83	2¾	2⅝	2¾	
51	38⅝	AirPrd 1.20		2.5	11	592	48⅞	48⅜	48⅞	+⅜
24⅜	13	AirbFrt .60		3.3	10	25	18¾	18¼	18⅜	−⅜
2	1	AlMoa s			23	48	1⅝	1⅝	1⅝	
7½	6	AlaP dpf.87		12.		55	7½	7⅜	7⅜	
73½	61½	AlaP pf 9		12.		z420	73¼	73¼	73¼	+1⅞
102½	85¼	AlaP pf 11		11.		z100	102½	102½	102½	
68	56	AlaP pf 8.28		12.		z340	67¾	66½	67¾	+1¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 23

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49½	36½	Whirlpl	2	4.7	9	690	43¾	43	43	−⅜
34⅝	24⅛	WhitC	1.50	5.6		108	26⅞	26⅝	26⅞	+⅛
29⅞	17⅝	Whitehl			10	15	24⅞	24⅛	24⅞	
25½	14½	Whittak	60	2.6	10	230	23	22¾	23	
12¼	6⅜	Wiebldt		4.2		10	10½	10⅜	10⅜	
14⅞	8	Wilfrd n			11	59	10⅞	10⅝	10¾	
31⅞	22¾	William	1.40	4.7	7	1311	30¼	30	30	−⅛
5	2	WilmEl				20	4¾	4⅝	4⅝	
9	6⅛	WilshrO	10	1.4	16	20	7	6⅞	7	
35¾	25¾	WinDix	1.68	4.8	13	25	35	34⅝	34¾	+⅛
43⅞	30	Wolwth	2	4.6	10	2041	43¼	42⅛	43¼	+1
4⅞	2⅜	WrldAr				6	3¾	3⅜	3⅜	−⅛
64½	46⅝	Wrigly	1.80a	2.9	11	14	61¾	61¼	61½	
6⅛	3⅛	Wurltzr				59	4½	4½	4½	+⅛
18	10¾	WyleLb	.32	2.7	10	23	12	12	12	
23⅝	17	Wynns	.60	3.3	7	40	18¼	18¼	18¼	−¼
		X Y Z								
47⅞	33¼	Xerox	3	6.4	19	1962	47	46½	47	+½
30	24	ZaleCp	1.32	5.0	8	17	26½	26¼	26½	+¼
24⅞	13⅜	Zapata	.84	5.6	18	116	15¼	15⅛	15⅛	−⅛
60⅛	30⅝	Zayre	.40b	.7	15	769	u60¾	60	60¼	+⅛
31¼	18⅛	ZenithE			7	613	21⅛	20⅝	20⅞	−⅝
21⅞	14⅜	Zero	s		17	25	18⅜	18¼	18⅜	+⅛
31⅜	21⅞	Zurnin	1.32	4.4	11	80	30	29¾	30	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 23	Price Sch%	+ or —
Creditanstalt	320	+3
Goesse	448	—2
Interunfall	740	+35
Laenderbank	300	+10
Perimooser	445	+5
Steyr-Daimler	168	+3
Veitscher Mag	403	—1

BELGIUM/LUXEMBOURG

Apr. 23	Price Frs.	+ or —
B.B.L.	1,910	
Banq. Int. A. Lux	6,150	
Bekaert B.	6,410	—140
Ciment CBR	2,405	
Cockerill	237	—4
Delhaize	7,700	+90
EBES	3,110	+10
Electrobel	8,500	+20
Fabrique Nat	1,945	
GB Inno BM	3,300	+50
GBL (Brux)	1,960	—15
Gevaert	3,825	+25
Hoboken	6,580	+50
Intercom	2,230	+35
Kredietbank	8,200	+10
Pan Hldgs.	10,800	
Petrofina	6,830	+50
Royale Belge	12,200	
Soc. Gen. Banq	3,330	+10
Soc. Gen. Belge	1,930	
Sofina	7,350	+150
Solvay	4,170	+60
Stanwick Intl.	1,570	+10
Tractionel	4,070	+70
UCB	5,040	
Wagon Lits	3,060	+60

DENMARK

Apr. 23	Price Kr %	+ or —
Andelsbanken	305	+4
Baltic Skand	555	+10
CopHandelsbank	327	+3
D. Sukkerfab	560	
Danske Bank	312	+5
De Danske Luft.	1,225	+10
East Asiatic	220	+4
Forenede Brygg.	1,000	
Forenede Damp.	136	+7
GNT Hldg	439	
I.S.S.B.	520	—5
Jyske Band	650	+5
Novo Ind	1,465	+35
Privatbanken	282	+1
Provinsbanken	338	+3
Smidth (F)	258	+2
Sophus Berend	1,080	
Superfos	453	—4

FRANCE

Apr. 23	Price Frs.	+ or —
Emprunt 4½% 1975	1720	+15
Emprunt 7% 1973	8265	+65
Accor	268	4.1
Air Liquid	609	-2
BIC	508	
Bongrain	1,860	32
Bouygues	690	
BSN Gervais	2,425	-55
CIT Alcatel	1,320	5
Carrefour	2,115	-50
Club Mediter'n	1,052	—16
Cie Bancaire	639	—7
Cofimeg	290	
Damart	2,175	—25
Darty	1,274	+24
Dumex S.A.	615	+5
Eaux (Cie Gen)	628	+2
Elf-Aquitane	235.1	2.9
Essilor	3,050	-50
Gen. Occidentale	680	1
Imetal	111	1
Lafarge Coppee	491	19
L'Oreal	2,381	50
Legrand	2,080	40
Maisons Phenix	208	7.5
Matra S.A.	1,980	+20
Michelin B.	920	10
Midi (Cie)	2,172	13
Moet Hennessy	1,821	+6
Moulinex	106	+4.4
Nord Est.	89.8	+0.9
Pernod Ricard	701	+1
Perrier	483	-2.5
Petroles Fra.	261	+0.8
Peugeot S.A	347.5	7.5
Printempt Aus	231	+3
Radiotech	292	+14
Redote	1,325	
Roussel-Uclaf	1,750	+20
Sefimeg	342	7
SkisRossgnol	1,820	30
Telemech Elect.	2,480	20
Thomson CSF	555	12
Valeo	249.5	+1.5

GERMANY

Apr. 23	Price Dm.	+ or —
AEG-Telef	112.8	—0.2
Allianz Vers	1141xr	+15
BASF	205.7	+0.1
Bayer	214	—0.5
Bayer-Hypo	354.5	—0.3
Bayer-Verein	345	+0.5
BHF-Bank	291	
BMW	373.5	—2
Brown Boveri	214.9	+0.9
Commerzbank	172.2	+0.2
Cont'l. Gummi	135.1	—2.4
Daimler-Benz	666	+7.2
Degussa	350	—1
D'sche Babcock	163	—0.5
Deutsche Bank	472.2	—1.6
Dresdner Bank	211.4	+0.5
GHH	159	—0.9
Hochtief	475	+1
Hoechst	214	—0.8
Hoesch Werke	108.6	+1.4
Holzmann (P)	419.5	
Horten	170	—1
Hussel	291.5	—3
Karstadt	224.5	—1.5
Kaufhof	223	—6
KHD	256xr	—3
Kloeckner	73	+2.2
Linde	428	—1
Lufthansa	194.5	—1.5
MAN	149	
Mannesmann	163.5	-1.3
Mercedes Hld	587.5	—1.5
Metallgesel	262.1	+1.1
Munech Rueck	1280	+32
Nixdorf	572	—3.1
Porsche	1195xd	+5
Preussag	273	+2
Rhein West Elect	159	
Rosenthal	243	+1
Schering	454	—5
Siemens	546.2xd	—0.8
Thyssen	103.3	+1.2
Varta	179	-3
Veba	184.8	—0.1
V.E.W.	127.7	—0.8
Verein-West	322	+1
Volkswagen	205.2	—0.3

ITALY

Apr. 23	Price Lira	+ or —
Banco Com'le	16,720	—430
Bastogi IRBS	189	—1.5
B.I-invest	3,410	—60
Centrale	3,080	—66
Credito Varesino	3,851	+11
Fiat	2,981	-38
Finsider	59	+3
Generali Assicur.	43,410	740
Italcementi	84,750	-250
La Rinascenti	658.5	9
Montedisin	1,517	7
Olivetti	6,180	50
Pirelli Co	3,830	—80
Perelli Spa	2,235	15
Snia BPD	2,750	43
Toro Assic	14,020	—250
do Pref	10,150	—250

NETHERLANDS

Apr. 23	Price Fls	+ or —
ACF Holding	204	0.8
AEGON	178	—1.5
Ahold	227.2	—1.3
AKZO	115	—0.7
ABN	429.5	—3.5
AMEV	232.5	+2.8
AMRO	76.7	—0.1
Bredero Cert	163	+5
Bos Kalis Westm.	17.9	+0.2
Buehrmann-Tet.	90.5	-0.5
Calland Hldgs.	34.2	—0.2
Dordtsche Pet'm	181.7	-1.8
Elsevier NDU	117.3	+1
Fokker	110	+0.7
Gist Broades	185.5	
Heineken	151	3.3
Hoogovens	59.6	0.3
Int Mueller	60.6	0.2
KLM	57.5	-1.7
Naarden	50.7	+0.7
Nat Ned Cert	68.2	0.4
Ned M'd Bank	173.5	+0.5
Nedlloyd	175	2.5
Oce Grinten	317.5	
Ommeren (Van)	29.9	0.4
Pakhoed	68	0.1
Philips	57	—0.3
Robeco	71.8	+0.3
Rodamco	137.5	+0.5
Rolinco	67	+0.5
Rorento	44.4	+0.2
Royal Dutch	200.4	3.1
Unilever	344	1.2
VMF Stork	185.5	+0.5
VNU	214.5	+1.5
West Utr Bank	104.3	0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights xa Ex all.

NORWAY

Apr. 23	Price Kroner	+ or —
Bergens Bank	141.5	—1
Borregaard	360	+6
Christiania Bank	141	
DenNorske Cred	154.5	—0.5
Elkem	140	+0.5
Kvaerner	165	
Norsk Data	409	+4
Norsk Hydro	115	—2.5
Storebrand	250	+5

SPAIN

Apr. 23	Price Pts%	+ or —
Bco Bilbao	338	
Bco Central	319	
Bco Exterior	205	
Bco Hispano	164	
Bco Popular	361	—3
Bco Santander	350	
Dragados	175.5	+1
Hidrola	82.7	—0.5
Iberduero	95	+0.5
Petroleos	156.5	+4.3
Telefonica	123.2	—0.8

SWEDEN

Apr. 22	Price Kronor	+ or —
AGA	400	+5
Alfa-Laval	196	
ASEA (Free)	355	+10
Astra (Free)	395	—5
Atlas Copco	122	
Cardo (Free)	256	+1
Cellulosa	126	+2
Electrolux B	322	
Ericsson	284	+6
Esselte	350	+5
Mo och Domsjo	234	+1
Pharmacia	203	+3
Saab Scania Free	455	
Sandvik	410	
Skandia	337	+4
Skan Enski'da	49	+0.5
SKF	215	—1
St Kopparbergs	142	+3
Sven Handlesbn	152	
Swedish Match	220	—6
Volvo B (Free)	274	+2

SWITZERLAND

Apr. 23	Price Frs.	+ or —
Alusuisse	790	—5
Bank Leu	3,530	—95
Brown Boveri	1,555	+15
Ciba Geigy	2,850	—30
do. (Part Certs)	2,280	—40
Credit Suisse	2,420	+20
Elektrowatt	2,820	—60
Fisher (Geo.)	750	+10
Hoff-Roche PtCts	86,250	-400
Hoff Roche 1/10	8,650	
Jacobs Suchard	6,325	
Jelmoli	1,970	+10
Landis & Gyr	1,640	-30
Nestle	6,470	+10
Oer-Buehrle	1,435	—5
Pirelli	292	—2
Sandoz (Br)	7,700	
Sandoz (PtCts)	1,310	—5
Schindler (Pt Cts)	760	—10
Sika	1,140	+15
Surveillance	4,285	—15
Swissair	1,060	+2
Swiss Bank	379	—6
Swiss Reinsce	11,000	
Swiss Volksbk	1,470	-10
Union Bank	3,680	—45
Winterthur	3,970	-20
Zurich Ins	23,650	—550

AUSTRALIA

Apr. 23	Price Aust $.	+ or —
ANZ Group	4.7	+0.1
Alliance Oil Dev.	1.06	0.01
Ampol Pet	1.85	
Ashton	0.90	
Aust. Cons. Ind.	2.05	—0.05
Aust. Guarantee	2.35	—0.07
Aust. Nat. Inds	2.75	+0.02
Aust. Paper	2.6	—0.05
Bell Group	6.9	+0.1
Bell Res	7.3	+0.2
Bond Corp Hldgs	1.47	+0.01
Boral	3.18	
Bougainville	2.3	0.12
Brambles Inds	3.82	+0.02
Bridge Oil	2.6	+0.05
B.H. Prop	5.7xa	+0.02
CRA	6.6	+0.22
CSR	2.96	+0.05
CastlemaineTys.	4.95	+0.1
Coles (G.J.)	3.78	0.02
Comalco "A"	2.45	0.03
Consolidated Pet	0.42	0.03
Costain Aust.	1.75	
Dunlop Olympic	2.2	+0.05
Elders IXL	3.05	—0.02
Energ Res	1.42	—0.04

AUSTRALIA (continued)

Apr. 23	Price Aust. $	+ or —
Gen. Prop. Trust	2.25	+0.03
Hardie (James)	3.12	+0.04
Hartogen Energy	3.05	+0.15
Herald W'y Times	4.35	
ICI Aust.	1.93	+0.02
Jimberlana F.P.	0.3	—0.02
Kia Ora Gold	0.17	
Lend Lease	6.3	—0.10
MIM	3.15	+0.07
Mayne Nickless	4.2	—0.05
Myer Emporium	1.77	—0.01
Nat. Aust. Bank	3.62	+0.03
News	7.42xc	+0.02
Nicholas Kiwi	1.85	—0.10
North Bkn Hill	2.72	+0.12
Oakbridge	0.98	+0.01
Pancont'l	1.68	+0.08
Pioneer Conc	1.79	+0.01
Poseidon	4.63	+0.05
Queensland Coal	1.63	+0.03
Reckitt & Coln	3.38	—0.02
Repco	1.2	—0.02
Santos	6.3	+0.10
Smith (Howard)	4.54	+0.04
Thos. Nationwide	1.88	+0.02
Tooth	5.66	+0.06
Vamgas	4.4	+0.10
Western Mining	4.3	+0.10
Westpac Bank	3.66	+0.07
Woodside Petrol	1.6	
Woolworths	3.00	
Wormald Intl	3.6	+0.02

HONG KONG

Apr. 23	Price H.K.$	+ or —
Bank East Asia	23.6	+0.1
Cheung Kong	16.0	+0.3
China Light	15.0	+0.5
Evergo	0.95	+0.05
Hang Seng Bank	45.0	+0.75
HK Electric	7.95	+0.15
HK Kowloon Wh.	6.3	+0.2
HK Land	5.8	
HK Shanghai Bk.	8.05xa	+0.05
HK Telephone	72.5	
Hutchinson Wpa	23.5	+0.7
Jardine Math	12.5	+0.2
New World Dev.	6.9	+0.2
Orient O'seas	2.25	
Oseas Trust Bk	3.15	+0.15
SHK Props	10.4	+0.2
Shell Elect	1.53	
Swire Pac A	24	
TV—B	6.0	+0.1
Wheel'k Mard A.	7.25	—0.05
Wheel'k M'time	1.10	
World Int. Hldns.	2.12	+0.05

JAPAN

Apr. 23	Price Yen	+ or —
Ajinomoto	1,070	
Alps Electric	1,820	—10
Amada	1,070	+10
Asahi Chem	809	+9
Asahi Glass	863	+1
Bridgestone	517	+4
Canon	1,250	+20
Casio Comp	1,740	+90
Chugai Pharm	1,030	—20
Citizen	513	+1
Daiei	620	+5
Dai Nippon Ptg	994	1
Daiwa House	538	4
Ebara	451	—15
Eisai	1,400	+10
Fanuc	8850xr	+30
Fuji Bank	1,450	+50
Fuji Film	1,710	—50
Fujisawa	1,010	+15
Fujitsu	1,140	+20
Green Cross	2,900	+50
Hasegawa	383	+2
Heiwa Real Est	780	—25
Hitachi	802	+4
Hitachi Credit	1,100	+20
Honda	1,290	+30
House Food	700	
Hoya	2,130	40
Itoh (C)	353	—3
Ito. Yokado	2,750	+80
Iwatsu	1,030	
JACCS	325	+5
JAL	6,700	250
Jusco	730	
Kajima	292	+1
Kao Soap	761	-10
Kashiyama	627	-8
Kirin	598	—2
Kokuyo	910	+25
Komatsu	439	+2
Konishiroku	639	4
Kubota	338	
Kumagai	584	12
Kyoto Ceramic	5,300	—50
Maeda Const	530	+6
Muakino Milling	1,170	20
Myakita	965	—6
Marubeni	303	5
Marudai	572	—4
Marui	1,070	—30
MEI	1,460	—10
M'ta Elec Works	709	1
M'bishi Bank	1,470	
M'bishi	527	5
M'bishi Elect	393	
M'bishi Estate	608	+3

JAPAN (continued)

Apr. 23	Price Yen	+ or —
MHI	260	+1
Mitsui	335	—5
Mitsui Estate	635xc	—7
Mitsukoshi	500	—12
NGK Insulators	873xc	—6
Nihon Cement	260	—1
Nippon Denso	1,370	+20
Nippon Elect	1,060	—10
Nippon Express	355	
Nippon Gakki	1,780	—30
Nippon Kokan	136	+2
Nippon Oil	875xc	—12
Nippon Seiko	623	—21
Nippon Shimpan	590	+5
Nippon Steel	147	
Nippon Suisan	339	+3
NTV	8,780xc	-100
Nippon Yusen	233xc	+1
Nissan Motor	530	—5
Nisshin Flour	501	+6
Nisshin Steel	160	
Nomura	1,940	
Olympus	1,120	+10
Orient Leasing	2,850	
Pioneer	2,570	—20
Renown	626	+1
Ricoh	886	+1
Sankyo	1,130	+30
Sanyo Elect	452	—4
Sapporo	439	+4
Sekisui Prefab	585	—5
Seven-Eleven	9,980	—120
Sharp	1,000	+1
Shimadzu	685xc	—2
Shionogi	690xc	+5
Shiseido	1,160	
Sony	4,250	
Stanley	890	
S'tomo Bank	1,640	—30
S'tomo Elect	850	—9
S'tomo Marine	595	—5
S'tomo Metal	146	—2
Taihei Dengyo	490	+10
Taisei Corp.	213	—2
Taisho Pharm	1,160	
Takeda	836	-15
TDK	5,490	—100
Teijin	434	—4
Teikoku	780	—9
Tokyo Marine	807	
TBS	771	—4
Tokyo Elect Pwr	1,710	—20
Tokyo Gas	191	+3
Tokyo Sanyo	661	-7
Tokyo Style	730	—9
Tokyu Corp	354	+2
Toppan Print	855	
Toray	451	—1
Toshiba Elect	385	—4
TOTO	645	—5
Toyo Seikan	870	+10
Toyota Motor	1,260	+10
Victor	2,040	—30
Wacoal	678	—2
Yamaha	749	+8
Yamanouchi	3,000	
Yamazaki	628	—2
Yasuda Fire	433	—7
Yokogawa Bdge.	420	—2

SINGAPORE

Apr. 23	Price $	+ or —
Boustead Hldgs.	1.65	—0.01
Cold Storage	2.55	+0.05
DBS	6.0	
Genting	5.75	+0.1
Haw Par. Bros	2.22	+0.04
Hong Leong Fin.	2.91	
Inchcape Bhd.	2.45	
Keppel Shipyard	1.46	+0.03
Malay Banking	5.85	+0.05
Malay Utd. Ind	2.41	+0.07
Multi Purpose	0.85	
OCBC	8.9	+0.1
OUB	3.58	—0.78
Public Bank	1.5	+0.05
Sime Darby	1.91	+0.06
Singapore Press	6.2	+0.05
Straits Trdg.	4.48	+0.08
Tat Lee Bk	2.73	+0.01
UOB	4.4	+0.04

SOUTH AFRICA

Apr. 23	Price Rand	+ or —
Abercom	1.50	—0.05
AE&CI	8.00	—0.15
Allied Tech	56.5	
Anglo Am Coal	42	
Anglo Am Corp	27.00	
Anglo Am Gold	176	—3.5
Barclays Bank	15.8	
Barlow Rand	11.45	—0.05
Buffels	89	
CNA Gallo	2.75	
Currie Finance	4.00	+0.1
De Beers	10.25	
Driefontein	64.5	
FS Geduld	56.5	
Gold Fields SA	34.75	
Highveld Steel	3.9	—0.1
Nedbank	11.6	—0.2
OK Bazaars	15.00	+0.5
Protea Hldgs	1.5	+0.05
Rembrandt	36	
Rust Plat	17.5	
Safren	16	
Sage Hldgs	8.9	+0.2
SA Brews	7.5	—0.05
Smith (AG)	14	
Tongaat Hulett	6.75	0.05
Unisec	5.3	+0.1

CANADA

TORONTO

Prices at 1.30pm April 23

Sales	Stock	High	Low	Close	Chng
340	Abti Prce	\$32⅞	32⅞	32⅞	⅛
16290	Agnico E	\$18	17¾	17¾	¼
3400	Agra Ind A	\$7¾	7¾	7¾	
14450	Alt Energy	\$21½	21	21⅛	—⅛
800	Alta Gml	\$21	21	21	—¼
19151	Algoma St	\$23½	23	23	⅛
30	Andrs Wd A	\$24¼	24¼	24¼	¼
501	Argcen	\$19½	19¼	19¼	
4944	Atco I f	\$8⅛	8⅛	8⅛	
23418	BP Canada	\$34½	34	34⅛	—⅛
16607	Bank BC	\$5⅝	5⅛	5⅝	+⅛
28547	Bank N S	\$12¾	12¾	12¾	+½
54360	Barrick o	135	135	135	+4
2100	Baton A f	\$16¾	16¾	16¾	
4999	Bonanza R	420	415	420	+5
101950	Bralorne	480	475	475	5
50450	Bramalea	\$17⅛	16¾	17⅛	
7420	BCFP	\$9¼	9¼	9¼	
23465	BC Res	245	242	245	1
3395	BC Phone	\$22⅜	22⅛	22¼	
435	Brunswk	\$17¼	17⅛	17⅛	
2565	Budd Can	\$22⅝	22⅝	22⅝	—¼
8900	CAE	\$17⅛	16⅞	17	
1000	CCL A	\$27⅛	26½	26½	1½
122950	CDistb B f	\$5½	5½	5½	⅛
700	Cad Fry	\$14½	14⅜	14½	
2500	C Nor West	\$23¾	23¾	23¾	¼
38386	Can Trust	\$37½	36⅞	37½	+⅝
50	C Tung	\$14	14	14	—⅜
75841	Cl Bk Com	\$30⅜	30⅛	30⅛	+¼
2000	Cdn Nat Res	28	28	28	
12452	CTire A f	\$8⅞	8¾	8⅞	+⅛
1424	C Util B	\$17½	17¼	17¼	—⅛
250	Celanese	\$7⅛	7⅛	7⅛	
5200	C Distb A	\$5½	5½	5½	
122950	CDistb B f	\$5½	5½	5½	—⅛
9025	CTL Bank	\$10¼	10	10¼	+⅛
600	Conwest A	\$8¾	8⅝	8⅝	+⅛
3000	Coseka R	335	330	335	
2660	Crownx	\$18⅜	18¼	18¼	
7800	Czar Res	190	185	185	7
20344	Daon Dev	440	430	435	
37072	Denison A p	\$13⅛	12⅞	13	+⅛
6712	Denison B f	\$12	11¾	11¾	⅛
7700	Develcon	\$6⅝	6½	6⅝	
26150	Dicknsn A f	\$6½	6⅜	6⅜	—¼
8850	Dicknsn B	\$6½	6⅜	6⅜	—⅛
980	Doman A	220	220	220	+10

We regret that due to communications problems this listing is incomplete.

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 29

OVER-THE-COUNTER *Nasdaq national market, 2pm prices*

Continued on Page 38

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Microlease	363	+23
Parker Knoll	190	+10
RTZ	627	+13
Rowntree Mack	412	+7
Scott & Rob	106	+5

FALLS

Ex. 10% 1989	£95¾	—¼
BICC	232	—8
BOC	270	—7
Blue Circle	474	—10
Brit. Aero	403	+12
Brit. Home St.	285	—8
Brown (Matthew)	385	—10
Clarke (Clement)	95	—10
Cons. Gold Flds	550	—17
Eastern Prod.	340	—10
Lanca	298	—25
Moss Bros.	398	—12
Ocean Trans.	181	—7
Pentl. Inds.	635	—15
Pineap. Dance	60	—5
Powell Duffryn	258	—7
Stock Conv.	485	—7
Stockley	73	—4
Tate & Lyle	430	—10
Thorn EMI	421	—9
Woolworth	820	—20

هكذا من الأصل

MARKET REPORT

Equity leaders fall for third consecutive session

Index closes 12 down at 959.6

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Light selling of blue chip industrials found the London equity market in unreceptive mood yesterday and the FT Ordinary share index fell sharply for the third consecutive session. It closed 12 points down for a three-day loss of nearly 32 points to 959.6. The sales appeared to be a test for the market but they failed to tempt potential investors from the sidelines and values soon weakened.

The situation was made worse as dealers, many of whom were running level books because of financial end-year considerations, attempted to avoid taking on stock. For a while the market was very sensitive but it settled when the offerings were securely placed.

Interest rate uncertainties, particularly the lack of scope for a further reduction in bank base lending rates, continued to be the main deterrent to fresh investment. Trade from the late-morning onwards was especially slow. Even a marked late rally in the dollar failed to restore enthusiasm for international stocks, which have suffered badly recently through the sharp recovery in sterling. The U.S. currency responded to short-covering after the announcement of further discouraging pointers about the American economy.

Gilt-edged stocks also appeared to be waiting a new lead. The initial tone was firm with sterling but news of rising money market rates—three month inter-bank moved up to 12½ per cent—touched off scattered selling, mainly of shorter-dated Gilts. Sentiment improved after news of the unexpectedly steep fall in U.S. durable goods orders—down 2.3 per cent against forecasts of around 1 per cent—but it faltered again late. Closing losses were small, ranging to ¼ among both short and longer maturities.

Trading conditions were slow in the banking sector. **Bank of Scotland**, at 445p, retrieved 5 of the previous day's fall of 20 following comment on the proposed £81m rights issue and on the annual results. The major clearers followed no set pattern with **Lloyds** 3 dearer at 548p and **Midland** 5 lower at 353p. Reflecting domestic market influences, Australian issues made good progress. **ANZ** put on 12 to 242p and **Westpac** gained 15 to 190p, while **National Australia Bank** added 10 at 185p. Elsewhere, light profit-taking clipped 5 from **Provident Financial**, at 225p.

Insurances generally gave ground. **Commercial Union**, experienced the quietest session for some time and closed unaltered at the overnight level of 223p, while **General Accident** gave up 6 at 572p.

The two newcomers to the Unlisted Securities Market received a lukewarm response owing to the general market dullness. **Electron House**, a specialist electronics components distributor, placed at 117p, opened at 125p but drifted back to 120p. **Maxiprint**, a photographic equipment manufacturer, began at the placing price of 28p and slipped to 26p before settling at 27p.

Matthew Brown dipped 10 more to 385p amid fears that the offer from Scottish and Newcastle, now worth around 456p per share, will be referred to the Monopolies Commission.

Leading Buildings went lower owing to a lack of interest. **Blue Circle** encountered further small offerings on persisting rumours that tomorrow's annual results may be accompanied by a rights issue to help finance its recent U.S. acquisition and the close was 10 down at the day's lowest of 474p. **RMC** slipped 4 to 360p and **BPB Industries** lost 5 to 250p, while **Tarmac**, annual results due next Tuesday, eased to 528p prior to closing a net 4 off at 530p. News that the company had received assurances about continuing support from its bankers coupled with the agreed sale of its distribution business, UK Petroleum Products, to Powell Duffryn for £10.3m cash failed to sustain **Burnett and Hallamshire** which shed 3 to 52p. **Powell Duffryn** lost 7 to 268p.

ICI continued to mark time ahead of tomorrow's first-quarter results and settled 4 cheaper at 769p.

Virtually the only sector to make progress, albeit of a relatively modest nature, on Monday following favourable economic pointers, Stores yesterday failed to attract follow-through demand and finished with losses extending into double-figures. **Woolworth** encountered profit-taking and dipped 20 to 820p, while falls of around 8 were common to **Burton**, 491p, **British Home**, 285p, and **Debenhams**, 252p; the last-mentioned is scheduled to announce preliminary figures on May 9. **Gussies A**, buoyed recently by revived enfranchisement hopes, eased 12 to 813p; the company has agreed to sell its Global holiday operation to rival Intasun for an undisclosed sum.

Secondary Stores also traded lower. **Moss Bros** met profit-taking after the satisfactory full-year figures and dipped to 393p before settling a net 12 lower at 398p. **Allebone**, at 51p, gave up most of Monday's Press-inspired rise; the annual results are due next Tuesday. Others to lose ground included **French Connection**, 10 off at 210p, **J. Hepworth** 4 lower at 204p, and **W. H. Smith A**, 8 cheaper at 210p, after 208p. Handbag group **Lanca** met offerings and dipped 25 to 290p, while **Bentalls** continued to decline and eased a couple of pence more to 88p, after 86p. In contrast, buyers showed renewed enthusiasm for **Selincourt**, a penny harder at 28½p, and for **Goldsmiths**, 6 up at a 1985 peak of 218p.

Renewed selling prompted by Australian currency considerations left **BICC** a further 8 down at 232p, while profit-taking lowered **Thorn EMI** to 417p before a close of 9 down on balance at 421p. **Plessey** softened a couple of pence to 194p as did **Racal**, to 198p. Elsewhere in Electricals, **Microlease** rallied 23 to 363p in reply to the reassuring trading statement. News of the £650,000 contract from the Anglian Water Authority helped **INSTEM** improve 5 more to 270p, while recently-weak **BSR** recovered 4 to 112p. **Klark-Teknik** were marked up to 153p on the sharply increased first-half profits before easing to finish 5 lower on the day at 145p. **Bowthorpe** remained friendless at 380p, down 13.

Leading Engineers continued to drift lower with **Hawker** easing 8 further to 427p and **Vickers** 4 more to 252p. Movements elsewhere in the sector were usually limited to a few pence either way, but speculative activity lifted **Burgess Products** 6 to 166p. **Cooper Industries**, reflecting satisfactory annual results, rose a penny to 13p, while **Clayton Son**, scheduled to report preliminary figures on Friday, edged up a couple of pence more for a two-day gain of 7 to 75p.

Takeover favourite **Rowntree Mackintosh** resisted the dull trend in Foods, moving up to a 1985 peak of 425p before closing a net 7 up at 412p on talk that an unnamed party was attempting to acquire shares outside the market. Elsewhere, **Cadbury Schweppes** slipped to 148p before steadying on currency considerations to close a penny dearer on balance at 151p. **Tate and Lyle**, however, closed 10 down at the day's lowest of 430p.

Among Hotels, **Prince of Wales** spurted 10 to 110p on speculation that a share stake had changed hands.

Miscellaneous industrial majors gave ground under the lead of international stocks. **Glaxo** eased ¼ to £11¾, while falls of around 8 were marked against **Metal Box**, 394p, **Pilkington Bros**, 283p, **BOC**, 270p, and **BTR**, 666p. **Beecham** eased 5 to 350p. Elsewhere, renewed profit-taking clipped 15 more from **Pentland Industries**, at 635p. **Scapa** new-nil paid shares came under pressure and touched 30p premium before settling a shade above the worst at 31p premium, down on the day. Reflecting the fall in tea prices, **Eastern Produce** gave up 10 to 340p. **Parker Knoll** displayed renewed firmness at 190p, up 10, following a newsletter recommendation, while other furniture shares to edge higher included **Stonehill**, 3 better at 110p, and **Stag**, a couple of pence higher at 58p. **British Aerospace** encountered occasional selling and gave up 12 at 403p, while **Gestetner** slipped 6 to 106p. **Pritchard Services** fell 5 to 91½p on reports of the resignation of Mr Peter Fox, director of the company's U.S. operations, but **Scott and Robertson** improved 5 to 106p in response to the preliminary figures. **Clement Clarke**, however, dipped 10 to 95p on lower annual profits.

Hardwick

The proposed acquisition of tour operators Global from Great Universal Stores for an undisclosed sum failed to stimulate **Intasun**, a couple of pence cheaper at 118p. Elsewhere in the Leisure sector, **Pineapple Dance Studios**, in which Midepsa (Burmuda) recently increased its stake to 27.64 per cent, shed 5 to 60p on persistent small selling.

Disappointment that **Stockley**, which has been successful in acquiring Equity Trust's 22.7 per cent in **Stock Conversion**, does not intend to make any full takeover bid for at least six month, left Stock Conversion 7 down at 485p, after 480p. Stockley fell 4 to 73p. The news served to curb investors' recent enthusiasm for other Property issues and leading issues were a touch easier at the close. Elsewhere **Percy Bilton** shed 6 to 222p following comment on the annual results.

Fading bid hopes clipped 7 more from **Ocean Transport** at 181p; the shares have fallen 17 since P & O chairman Sir Jeffrey Sterling's statement that the holding in Ocean was a "trade investment" and that recent takeover speculation was "wide of the mark." **P & O** were unchanged at 347p, after 343p.

Oils retreat

The oil sector came under considerable selling pressure as talk that crude prices are set to decline in coming months was reinforced by an influential Press article. **BP** and **Shell** were particularly weak with the latter finally 15 off at 710p and the former 18 off at 530p. **Lasmo** were a vulnerable market and settled 9 cheaper at 309p; the nil-paid shares dipped 7 to 24p premium. The absence of any takeover developments prompted renewed selling of **Tricentrol** which slipped to 246p before rallying to close a net 5 lower at 252p.

Overseas Traders gave ground across the board. **James Finlay**, 141p, and **Gill and Duffus**, 146p, shed 4 and 3 respectively, while the lapse into losses and omission of the final dividend left **Boustead** a similar amount lower at 76p.

Dealings in **Consolidated Plantations** were suspended at 99½p following similar action in Kuala Lumpur.

ACM jump

The latest upsurge in Australian markets overnight prompted a flurry of London demand for "down-under" issues, especially the gold stocks.

The more speculative issues were heavily bought and provided the sector's feature in **Australian Consolidated Minerals** which continued to improve and jumped a further 16 to 70p, after a 1985 high of 74p, for a two-day gain of 23; dealers reported growing speculation that Canada's Placer Develpoment is about to launch a A$2 a share bid for ACM to acquire control of the latter's Big Bell gold prospect in Western Australia. Among the leading Golds to gain ground were **Central Norseman**, 20 firmer at 428p, after 438p, **Gold Mines of Kalgoorlie**, 18 better at 488p and **Poseidon** which put on 8 to 236p, after 240p. **Sons of Gwalia** extended their recent strong run and rose 4 more to a year's best of 116p on further consideration of the recently announced record gold production and maiden dividend. The major diversified mining groups were also stronly supported. **CRA** were outstanding and posted a 26 jump to 340p while double-figure gains were common to **Bougainville**, 119p, **MIM Holdings**, 164p, **North Broken Hill**, 139p and **Western Mining**, 219p.

South African golds and related issues lost further ground, sentiments here being unsetteld by the easier bullion price and concern over the continuing civil unrest in the country. Selling pressure remained negligible but the continuing absence of any significant support left the majority of the leaders with widespread falls. Among the South African Financials **De Beers** gave up 7 to 413p in front of the annual report while **Rand London** dipped 2 to 22p.

UK-based Financials showed **Consolidated Gold Fields** 17 cheaper at 550p. **Rio Tinto-Zinc** moved against the overall trend in mines and UK equities and rallied 13 to 627p reflecting bear closing.

Demand for Traded Options improved marginally with 4,296 calls and 2,133 puts transacted. Perennial takeover favourite **Commercial Union** attracted 660 calls and 184 puts, while **Racal** and **Marks and Spencer** recorded 305 calls apiece. The short Gilt contract remained lively with 486 calls and 158 puts done.

FINANCIAL TIMES STOCK INDICES

	Apr. 23	Apr. 22	Apr. 19	Apr. 18	Apr. 17	Apr. 16	year ago
Government Secs.	81.73	81.88	81.88	82.00	81.56	81.83	82.02
Fixed Interest	86.17	86.19	86.14	86.05	85.79	85.80	86.27
Ordinary	959.6	971.6	978.8	991.5	988.8	979.5	887.6
Gold Mines	507.6	512.8	515.2	507.2	521.2	535.5	688.0
Ord. Div. Yield	4.74	4.68	4.65	4.59	4.60	4.65	4.53
Earnings, Yld.% (full)	11.96	11.80	11.72	11.57	11.61	11.73	9.98
P/E Ratio (net) (*)	10.19	10.32	10.39	10.53	10.49	10.38	12.09
Total bargains (Est.)	23,353	24,496	24,664	24,972	25,464	26,064	20,074
Equity turnover £m.	—	325.09	283.80	424.73	387.82	429.21	218.80
Equity bargains	—	18,821	19,289	22,363	22,728	25,431	16,119
Shares traded (ml)	—	114.1	152.6	226.1	202.0	243.4	124.5

10 am 960.3. 11 am 959.8. Noon 959.8. 1 pm 959.8. 2 pm 959.6. 3 pm 960.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 9.89

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	439.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 22	Apr. 19
Daily		
Gilt Edged Bargains	127.9	162.0
Equities Bargains	121.9	125.0
Value	455.0	573.6
5-day Average		
Gilt Edged Bargains	149.8	160.2
Equities Bargains	141.0	150.5
Value	707.7	790.5

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (48)

BRITISH FUNDS (1)
Treas. 8¼pc '87-90

FOREIGN BONDS (1)
Hydro Quebec 15pc 2011

BREWERS (1)
Devenish (J. A.)

STORES (2)
Goldsmiths, Selincourt

ELECTRICALS (4)
Compsoft, Jones, Stroud, Cray Electronics, Klark-Teknik

ENGINEERING (6)
Burgess Products, Hall Engineering, Clayton, Son, Hampson Inds., Cooper Inds., Lloyd (F. H.)

FOODS (6)
England (J. E.), Maynards, Iceland Froz. Foods, Meat Trade Supp's, Low (Wm.), Rowntree Mackintosh

HOTELS (1)
Queens Moat 10½pc Cnv. Uns. 1989-91

INDUSTRIALS (9)
Black (P.), Polly Peck Internatl., Fogarty, Reuters B, Jardine Matheson, UDO Hldgs., Johnston Group, Wills (George), Parker Knoll A

INSURANCE (1)
Allianz Vers.

MOTORS (1)
Kwik-Fit

NEWSPAPERS (2)
Bristol Ev. Post, E. Midland Allied A

PROPERTY (1)
Lond. Edinb'gh Trust

TEXTILES (4)
Earlys of Witney, Illingworth Morris, Textured Jersey, Do A

TRUSTS (2)
Fulcrum Inc., North Brit. Canadian

OILS (2)
Hunting Pet. 10pc Cnv. Ln. 1997, Churchill Energy

OVERSEAS TRADERS (2)
Paterson Zochonis, Paterson Zoch. A N-V

MINES (2)
ACM, Sons of Gwalia

NEW LOWS (59)

AMERICANS (3)
Damson Oil, Transamerica, GATX

BANKS (1)
Hill Samuel

BUILDINGS (2)
Galliford, Milbury

CHEMICALS (2)
Amersham Internatl., Wardle Storeys

STORES (1)
French Connection

ELECTRICALS (7)
Bowthorpe, Mellerware Internatl., CPS Computer, Motorola, DDT, Pericom, Logica

ENGINEERING (1)
Cummins Engine 3¼pc Cnv. Uns. 1978-94

FOODS (1)
Freshbake Foods

INDUSTRIALS (9)
Aberfoyle Hldgs., Neil & Spencer, Applied Computer, Sketchley, LRC Internatl., Turner & Newall, London & Northern, Wedgwood, Moss (Robert)

PAPER (2)
Craton Lodge, Smurfit (Jefferson)

SHIPPING (1)
Graig Shipping

SHOES (1)
Strong & Fisher

TEXTILES (1)
Notts. Manufacturing

TRUSTS (20)

OVERSEAS TRADERS (1)
Gill & Duffus

PLANTATIONS (1)
Plantation Genl. Invs

MINES (5)
Blyvoor., Tongkah Harb. Tin, Charter Cons., Centennial Minerals, Rand London

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue April 23 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Mon April 22 Index No.	Fri April 19 Index No.	Thur April 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	544.33	-0.9	10.31	4.08	12.08	4.30	549.07	552.49	556.49	521.11
2	Building Materials (24)	494.71	-1.2	12.94	5.03	9.57	1.33	500.51	500.75	502.00	526.08
3	Contracting, Construction (29)	710.80	-0.8	13.17	5.67	9.79	4.36	716.35	718.74	717.74	776.48
4	Electricals (15)	1546.94	-1.6	10.64	4.71	11.74	2.79	1571.81	1574.54	1598.95	1724.25
5	Electronics (36)	1681.11	-0.4	8.82	3.03	14.60	12.79	1688.15	1711.94	1731.49	1765.85
6	Mechanical Engineering (63)	305.02	-1.1	11.83	4.58	10.93	3.02	308.28	309.94	311.60	248.13
8	Metals and Metal Forming (8)	187.75	-1.9	12.84	7.87	10.26	1.94	191.40	191.95	193.75	196.83
9	Motors (17)	162.71	-0.9	13.57	5.15	9.11	2.58	164.21	164.85	165.64	140.09
10	Other Industrial Materials (16)	919.83	-1.1	7.85	3.40	15.41	9.00	929.64	928.62	934.68	684.22
21	CONSUMER GROUP (178)	643.65	-0.8	9.60	3.86	12.60	3.64	649.06	650.17	655.16	531.99
22	Brewers and Distillers (23)	566.43	-0.4	11.94	4.74	10.38	3.56	568.48	572.75	577.80	528.46
25	Food Manufacturing (20)	500.55	-0.2	11.66	4.88	10.71	7.27	501.67	503.15	505.24	403.28
26	Food Retailing (13)	1548.80	-1.3	6.19	2.45	21.54	4.85	1568.65	1568.76	1585.39	1191.19
27	Health and Household Products (9)	1816.12	-1.1	6.52	2.78	17.95	1.35	1827.59	1832.28	1849.22	828.60
29	Leisure (23)	674.50	-0.8	8.74	4.81	14.97	9.96	680.16	686.24	688.06	687.75
32	Newspapers, Publishing (12)	1777.68	-0.3	6.58	4.28	19.70	18.05	1783.26	1788.67	1783.29	1356.68
33	Packaging and Paper (14)	312.72	-0.6	11.31	4.18	10.25	1.07	314.49	313.08	312.17	268.40
34	Stores (42)	617.40	-1.6	6.82	3.19	17.93	1.55	627.51	623.42	626.34	400.58
35	Textiles (19)	319.93	-1.4	16.24	4.75	7.15	0.41	324.32	325.05	326.14	305.98
36	Tobaccos (3)	863.49	+0.4	16.05	4.97	6.62	5.43	860.36	866.12	875.43	637.64
41	OTHER GROUPS (97)	677.92	-0.5	8.93	4.02	14.12	4.58	681.00	681.60	685.83	453.91
42	Chemicals (17)	757.30	-0.8	13.59	4.84	9.11	13.77	763.36	759.78	766.50	623.56
44	Office Equipment (4)	185.00	-1.2	7.15	4.54	17.34	2.92	187.26	187.60	189.30	135.50
45	Shipping and Transport (12)	1155.05	-1.0	6.99	4.73	18.20	18.65	1166.53	1182.93	1187.78	871.67
46	Miscellaneous (62)	843.08	-0.7	7.22	3.38	16.96	3.32	848.78	849.78	854.68	611.56
48	Telephone Networks (2)	826.17	—	8.10	3.89	16.11	0.70	826.17	827.38	831.79	0.0
49	INDUSTRIAL GROUP (483)	635.02	-0.7	9.60	3.96	12.85	4.14	639.75	641.45	646.05	521.75
51	Oils (17)	1158.80	-2.5	15.98	7.19	7.69	37.00	1187.96	1189.36	1196.66	1144.78
59	500 SHARE INDEX (500)	678.86	-1.0	10.47	4.40	11.77	6.75	685.61	687.29	692.12	573.96
61	FINANCIAL GROUP (114)	457.29	-0.3	—	5.44	—	6.32	458.76	458.65	457.53	389.41
62	Banks (6)	443.42	-0.2	17.66	7.75	8.08	10.72	444.17	444.11	444.44	387.59
65	Insurance (Life) (8)	690.31	-0.1	—	4.60	—	12.95	691.21	690.33	691.42	484.01
66	Insurance (Composite) (7)	342.71	-0.1	—	5.69	—	4.15	343.11	343.60	342.78	280.34
67	Insurance (Brokers) (7)	1081.95	-0.3	7.95	3.67	16.76	11.28	1085.00	1088.59	1078.19	789.19
68	Merchant Banks (11)	227.98	-0.6	—	4.19	—	1.22	229.26	228.93	229.04	242.14
69	Property (50)	640.14	-0.4	5.53	3.60	23.95	1.29	642.92	641.12	633.53	503.03
70	Other Financial (25)	281.90	-1.0	8.40	5.77	14.48	4.29	284.86	285.20	286.98	263.57
71	Investment Trusts (106)	582.51	-0.3	—	3.44	—	4.35	584.00	584.26	586.39	515.9
81	Mining Finance (4)	295.73	+0.2	11.18	5.36	11.04	1.50	295.26	297.55	300.52	319.38
91	Overseas Traders (14)	658.13	-0.7	9.09	6.45	13.64	7.06	663.02	661.39	663.73	571.06
99	ALL-SHARE INDEX (738)	619.05	-0.8	—	4.54	—	6.39	624.23	625.47	628.89	527.79

	Index No.	Day's Change	Day's High	Day's Low	April 22	April 19	April 18	April 17	April 16	Year ago
FT-SE 100 SHARE INDEX	1284.9	-10.0	1287.2	1282.7	1294.9	1299.7	1305.5	1304.0	1290.8	1105.4

FIXED INTEREST

	PRICE INDICES	Tue April 23	Day's change %	Mon April 22	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.62	-0.11	117.75	—	3.69
2	5-15 years	129.26	-0.10	129.39	—	5.01
3	Over 15 years	136.83	-0.09	136.95	—	3.03
4	Irredeemables	149.61	-0.31	150.08	—	1.62
5	All stocks	128.11	-0.11	128.25	—	4.24
6	Debentures & Loans	110.12	—	110.12	—	3.26
7	Preference	77.54	—	77.54	—	2.30
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.10	-0.10	110.21	—	1.03

	AVERAGE GROSS REDEMPTION YIELDS		Tue April 23	Mon April 22	Year ago (approx.)
	British Government				
1	Low	5 years	10.43	10.41	10.24
2	Coupons	15 years	10.53	10.52	10.31
3		25 years	10.15	10.12	9.84
4	Medium	5 years	11.29	11.26	10.83
5	Coupons	15 years	10.83	10.81	10.77
6		25 years	10.35	10.33	10.17
7	High	5 years	11.35	11.31	10.95
8	Coupons	15 years	10.98	10.96	10.93
9		25 years	10.50	10.47	10.27
10	Irredeemables†		10.01	9.97	9.76
11	Debs &	5 years	11.95	11.91	11.46
12	Loans	15 years	11.68	11.68	11.43
13		25 years	11.47	11.48	11.41
14	Preference†		12.66	12.66	12.50
15	Inflation rate	5%	3.43	3.42	3.36
16		10%	3.24	3.23	3.17

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

CONSTITUENT CHANGE: Martin (R. P.) (70) has been deleted and not replaced.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$280	40	51	40	55.50	—	—	$326.65
GOLD C	$300	30	30	—	—	10	49.50	"
GOLD C	$325	29	10 B	[illegible]	[illegible]	[illegible]	[illegible]	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 18,648

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▦ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡ Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ⊕ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 22	May 3	July 25	Aug 3
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9

For rate indications see end of Share Information Service

Stocks favoured for the call included **W. H. Smith A**, **Hampton Trust**, **Falcon Resources**, **Promotions House**, **Combined Technologies**, *Courtaulds*, *Polly Peck*, **GRA** and **Bristol Channel Ship Repairers**. No puts were reported, but double options were taken out in **Birmid Qualcast** and **Stockley**.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	78	27
Corpns. Dom. and Foreign Bonds	4	12	58
Industrials	154	473	818
Fin. and Props.	38	128	379
Oils	23	29	73
Plantations	4	5	8
Mines	41	53	86
Others	97	44	75
Totals	364	822	1,524

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Howard Group	28	187	—
Aspen Comms	28	173	—
Lanca	14	315	+85
NMW Comptrs	14	380	+17
Celtic Haven	12	58	+7
Grand Met	12	285	-7
GUS "A"	12	825	—
Comm Union	11	223	+2
England (J.E.)	11	30½	+2
Falcon Res	11	465	-5
Stock Convrsn	11	492	—
Ocean Trans	10	188	-10
Br. Aerospace	9	415	-2
Tricentrol	9	257	+2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Broken Hill Prop	296	+22
Clarke (Cement)	95	-10
Falcon Resources	473	+8
First National Finance	93½	-1½
Gestetner	106	-6
Hanson Trust	208	-2
Kwik-Fit	40	-1
Ocean Transport	181	-7
Pilkington Bros	283	-7
Provident Financial	225	-5
Rowntree Mackintosh	412	+7
Thorn EMI	421	-9

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*535)	460	77	95	107	0¼	6	10
	500	37	62	73	0½	9	17
	550	2	22	40	18	28	35
	600	1	9	22	68	72	77
Cons. Gold (*559)	460	100	120	130	0¼	[illegible]	[illegible]
	500	60	82	97	0½	[illegible]	[illegible]
	550	10	50	60	5	[illegible]	[illegible]
	600	—	23	35	—	[illegible]	[illegible]
Courtaulds (*136)	110	27	34	—	0½	[illegible]	[illegible]
	120	17	24	—	0½	[illegible]	[illegible]
	130	7	16	—	1	[illegible]	[illegible]
	140	1	11	18	5	[illegible]	[illegible]
	160	1	6	10	26	[illegible]	[illegible]
Com. Union (*224)	160	64	69	70	0¼	[illegible]	[illegible]
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*184)	160	27	34	—	1½	2	—
	180	10	16	24	6	10	13
	200	6	11	17	19	24	28
	220	1	6	9	39	41	44
LASMO (*306)	293	28	40	50	6	10	16
[illegible]							

Apr. 23. Total contracts 6,429 Calls 4,296. Puts 2,133.

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¾	99⅛	Treas 11½pc 1985	99⅞	−1/32	11.53	12.60
98⅞	97⅛	Treas 8¼pcCnv '85	98⅞	..	8.85	11.93
101⅞	99⅛	Exch. 12¼pc 1985	100⅛xd	..	12.21	11.58
101⅛	99⅛	Exch. 11¼pc '86	100¼	−1/16	11.72	11.35
99⅛	97⅛	Treas. 10pcCnv 1986	99	−1/16	10.10	11.10
94⅛	92¼	Treas 3pc 1986	94	−⅛	3.19	9.04
100	97½	Exch. 10½pc Cv '86	99⅛	−1/16	10.57	11.24
101⅞	99¾	Treas 12pc 1986	100⅞	−⅛	11.92	11.29
97⅛	94¼	Treas 8½pc 1984-86‡‡	97⅛	−⅛	8.75	11.08
105⅛	102⅛	Exch 14pc 1986	103⅞xd	−1/16	13.51	11.32
91⅞	87¼	Exch. 2½pc 1986	91¼xd	−⅛	2.72	8.18
104⅛	101¼	Exch. 13¼pc 1987	103⅛	−⅛	12.86	11.22
99½	96⅝	Treas 10½pcCv '87	98⅛	−⅛	10.42	11.23
90	85½	Exch 2½pc 1987	89⅞	..	2.78	8.56
99⅛	96¼	Exch. 10½pc 1987	98⅞	−⅛	10.62	11.14
93	89	Funding 6½pc '85-87‡‡	92⅞xd	−⅛	7.00	10.51
98½	95½	Treas. 10pc 1987	97¼	−1/16	10.23	11.19
87⅞	84¾	Treas 3pc 1987	87⅞	..	3.41	9.14
102⅞	99⅛	Treas. 12pc 1987	101⅞xd	−1/16	11.80	11.20
93⅛	90¼	Treas 7¾pc 1985-88‡‡	93	−⅛	8.33	10.73
98⅞	95⅛	Exch 10½pc '88	98⅛xd	−1/16	10.67	11.15
96⅞	93⅛	Treas 9½pc Cv '88	96⅞	−⅛	10.15	11.28
83¼	80	Transport 3pc '78-88	83⅞	−1/16	3.58	9.00
95⅛	91½	Treas 9½pc '88	95xd	−1/16	10.00	11.26
101⅛	97½	Treas 11½pc 1989	100⅞	−⅛	11.40	11.19
95⅛	90¼	Treas 9½pc Cnv. '89	94⅞	−1/16	10.03	11.28
79⅛	79	Treas 3pc 1989	79⅛	..	3.79	9.30
98½	94	Treas 10½pc 1989	97⅛	−⅛	10.78	11.28
96⅞	92	Exch.10pc 1989	95¾	−⅛	10.44	11.27
99⅞	95	Exch 11pc 1989	99	−1/16	11.11	11.27
83	79	Treas 5pc 1986-89	83	..	6.02	9.78
107½	103⅛	Treas 13pc 1990‡‡	106⅝	−⅛	12.19	11.14
99⅛	96⅞	Exch 11pc 1990‡‡	98⅞	−⅛	11.12	11.27
108⅛	100¼	Exch. 12½pc 1990	104⅞	−1/16	11.92	11.17
		Five to Fifteen Years				
92⅞	87⅛	Treas 8¼pc 1987-90‡‡	92⅞	+⅛	9.17	10.84
97⅛	91⅞	Treas. 10pcCv 1990	95xd	..	10.52	11.23
105¼	97⅛	Treas 11¾pc 1991	105⅛	−⅛	11.55	11.30
83¼	80	Funding 5¾pc '87-91‡‡	83	..	6.95	9.64
101⅛	95	Exch. 11pc 1991	98⅞xd	..	11.12	11.24
110⅛	101⅛	Treas 12¾pc 1992‡‡	110⅛	−⅛	11.90	11.19
98	88⅝	Treas 10pc 1992	96½	−⅛	10.56	11.12
101⅛	94¼	Treas 10½pc Cv 1992‡‡	96⅞xd	−⅛	10.83	11.13
108⅝	98¼	Exch. 12¼pc '92	106⅝	..	11.70	11.29
114	105	Exch 13½pc 1992	111⅛	−⅛	12.23	11.37
110⅛	101¼	Treas 12½pc 1993‡‡	109⅞	−⅛	11.74	11.27
79⅞	74⅞	Funding 6pc 1993‡‡	79⅝	..	7.60	9.71
118⅛	109⅞	Treas 13¾pc 1993‡‡	112¼xd	−⅛	12.13	11.29
123⅛	111¼	Treas 14½pc 1994‡‡	120½	..	12.25	11.17
114½	108⅛	Exch 13½pc 1994	111⅞xd	−⅛	12.06	11.34
111	100¼	Exch. 12½pc 1994	108⅞	−⅛	11.71	11.30
91	86¼	Treas 9pc 1994‡‡	88¼xd	..	10.13	10.91
107⅞	98⅛	Treas 12pc 1995	107	−⅛	11.53	11.29
68½	62¼	Gas 3pc '90-95	68⅛xd	−⅛	4.38	7.55
97¼	89⅝	Exch. 10¼pc 1995	97	−⅛	10.86	11.16
113⅛	106½	Treas 12¾pc 1995‡‡	108⅞xd	..	11.63	11.18
120	110⅛	Treas. 14pc '96	119⅞	−⅛	12.03	11.32
90⅞	84½	Treas 9pc 1992-96‡‡	89⅛	−⅛	10.21	10.88
128⅝	121⅛	Treas 15¼pc 1996‡‡	124xd	−⅛	12.26	11.33
117⅞	110⅛	Exch 13¼pc 1996‡‡	112½xd	−⅛	11.70	11.14
74⅛	68½	Redemption 3pc 1986-96	74¼	..	4.05	6.12
117⅛	108⅛	Treas 13¼pc 1997‡‡	117	−⅛	11.66	11.13
100⅛	90½	Exch 10½pc 1997	98¼	−⅛	10.89	11.03
88⅛	80½	Treas 8¾pc 1997‡‡	87⅛	..	10.18	10.83
127¼	120⅝	Exch. 15pc 1997	124xd	−⅛	12.09	11.34
95	87⅞	Exch. 9¼pc 1998	94⅞	−⅛	10.56	10.87
95⅞	86⅞	Exch. 9¼pc 1998 'A'	95⅛	−⅛	10.56	10.86
75⅛	70⅞	Treas 6¾pc 1995-98‡‡	73¼xd	−⅛	9.20	10.56
133⅛	122⅞	Treas. 15½pc '98‡‡	130⅛	−⅛	12.01	11.24
111¼	103⅞	Exch. 12pc 1998	105⅞xd	−⅛	11.24	11.03
94	86⅛	Treas 9½pc 1999‡‡	93⅞	+⅛	10.41	10.72
112¼	103⅝	Exch. 12¼pc 1999	109⅞	−⅛	11.25	10.98
101⅛	94⅛	Treas. 10½pc. 1999	97⅛xd	−⅛	10.73	10.81
99⅞	92¼	Conversion 10¼pc 1999	95⅛xd	−⅛	10.67	10.80

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
77	61	Marshall's Universal	62		2.0	●	4.7	●
84	78	Do. 7½pcCnRedPf £1	82		7½%	—	13.1	—
22	22	Martin-Black	22¢		—	—	—	—
£96	£81	ΨMatheson 7¾%	£85		Q7¾%	2.3	Φ9.3	—
435	375	Metal Box £1	394	−8	†15.0	3.2	5.4	6.3
170	136	Metal Closures	152xd		6.7	2.0	6.3	9.5
17	9	‡Metal Sciences 2½p	11	−1	—	—	—	—
104	73	‡Midland Marts	104¢		4.0	1.8	5.5	13.2
*83½	68	Mitchell Cotts	70		t4.0	1.5	8.2	10.0
*220	182	Morgan Crucible	214		8.0	●	5.4	28.2
32	22	‡Morris (W) F.A. 20p	31½	−½	g0.5	●	2.3	●
105	94	Moss (Robt.) 10p	94	−1	●t2.5	2.3	3.8	13.6
405	267	‡MMW Computers	375	−5	6.0	●	2.3	●
43	34	Nash Inds.	34		2.5	1.5	10.5	7.8
48	28	Neil & Spencer 10p	28	−2	●	—	—	8.4
34	16	Newman Industries	32	−1	—	—	—	●
35	20	Do. 10pc Cm.Cnv.Pf	31½	−½	10%	—	4.5	—
55	43	Nolton	53		g1.1	4.5	3.0	8.9
183	146	Norcros	148	−2	t8.6	2.4	8.3	7.8
64	53	Nu-Swift 5p	56		t2.4	3.2	6.1	7.3
95	68	Oakwood Grp.	95		d4.5	1.4	6.8	(14.8)
165	150	Office & Elect	165		7.5	4.2	6.5	7.6
108	83	Oldacre 20p	83		u4.0	2.6	6.9	7.4
925	625	Oriflame Intl SA	625		46.81	1.3	8.1	(12.8)
218	190	‡Osborne & Little 5p	208		bg2.0	3.2	1.4	33.0
18	15	Overstone 12½p	17		‡Φ4.5c	2.2	‡	3.9
£176	£158	OxaOd 9pc Cnv 87-92	£173xd	+3	Q9%	—	Φ5.3	—
185	105	‡PCT Grp 10p	160		g4.8	2.9	4.2	9.8
£14	£10⅝	PLM 'B' Sk 25	£13½		Q21.6%	●	4.6	●
193	169	PSM Intl	172		bg5.25	2.6	4.4	12.6
60	50	‡Pacific Sales 10p	53		b2.4	2.2	6.5	(8.0)
190	165	Parker Knoll 'A'	190	+10	9.0	2.8	6.6	7.5
375	205	Pauls	362		●F13.0	2.5	5.1	15.9
725	575	Pearson	705xd	−3	17.0	3.1	3.4	12.2
28	18	Peek Holdings	25		—	—	—	●
94	88	Peerless	88		6.3	1.4	10.2	8.9
665	297	Pentland 10p	635	−15	2.6	●	0.6	●
46	33	Pentos 10p	44		0.35	7.7	1.1	11.9
54	44	Philips Patents	45		1.25	—	4.0	—
£11⅜	£10⅝	Photo-Me 50p	£11½xd		9.45	6.6	1.2	—

LEISURE—Continued

1985 High	Low	Stock	Price
162	146	Margnt. Ag. M 10p	[illegible]
183	155	‡Media Tech Int 20p	[illegible]
200	124	Mezzanine 10p	[illegible]
280	175	‡Miss World 10p	[illegible]
26	22	‡Nationwide Leis.	[illegible]
30	15	‡Norsto Int 20c	[illegible]
24¼	19½	‡Owners Abroad	[illegible]
46	38	Photax (Lon.)	[illegible]
24½	22	‡P'dilly Radio NV 5p	[illegible]
90	55	‡Pineapple Dnc St 10p	[illegible]
458	366	Pleasurama 5p	[illegible]
96	77½	‡Pres. Entertain 50p	[illegible]
65	28	‡Radio City 'A' NV	[illegible]
55	43	‡Radio Clyde N/V	[illegible]
63	37	Riley Leisure 10p	[illegible]
193	143	Saga Hols. 20p	[illegible]
£10⅝	540	Samuelson Grp £1	[illegible]
39	25	‡Sampers Photo 10p	[illegible]
202	138	‡Scantro 50p	[illegible]
156	136	Scott. TV 'A' 10p	[illegible]
508	319	SeaCo Inc $0.125	[illegible]
15	9	‡SelecTV 10p	[illegible]
140	35	‡Spectrum 5p	[illegible]
32	23	TSW 5p	[illegible]
142	110	TVS N/Vtg 10p	[illegible]
235	132	‡Television Svcs 50p	[illegible]
79	69	Tottenham Hotspur	[illegible]
260	182	Trid'nt TV 'A' 10p	[illegible]
160	106	‡21st Century Dist	[illegible]
165	138	‡Tyne Tees TV 'A' £1	[illegible]
92	84	Ulster TV N/V 'A'	[illegible]
26	20½	Webb (Jos.) 5p	[illegible]
26½	20	‡Williams (Rex) 5p	[illegible]
112	93	Zetters 5p	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
55	37	Anglo-Dominion	43		—	—	—
48	35	ΨAnglo Utd. Dev.	41		—	—	—
350	150	ΨCentennial Min'ls.	150	−10	—	—	—
120	70	ΨColby Res Corp.	90		—	—	—
550	450	Cons. Murch. 10c	450		†Q100c	1.4	10.8
40	28	‡Emess Int. Ir10p	37		—	—	—
117	73	ΨGreenwich Res. Inc.	80		—	—	—
212	157	Hampton Areas 10p	212		3.75	2.1	2.4
260	160	ΨHighwood Res.	187		—	—	—
£22½	£18	Homestake Mining $1	£20⅝	+⅛	Q20c	—	0.8
310	190	ΨMcFinley Red Lake	240	−20	—	—	—
300	195	ΨMesto Explorations	255		—	—	—
55	23	ΨNew Sabina Res C$1	40	−2	—	—	—
375	260	Northgate C$1	335	+10	—	—	—
685	581	RTZ	627	+13	20.0	a2.9	4.7
£145½	£129	Do. 9½pcLn '95-2000	£134½		Q9½%	35.4	(7.2
£13¼	£10	ΨTara Expln $1	£12⅞	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- Ψ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ● Merger bid or reorganisation in progress.
- ● Not comparable.
- ● Same interim: reduced final and/or reduced earnings indicated.
- ● Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue, xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	....	Arnott	178	....
Craig & Rose £1	£30	....	CPI Hldgs	53	....
Finlay Pkg. 5p	61	....	Carrol Inds.	113	..
Higsons Brew	123	....	Dublin Gas	52	
Holt (Jos) 25p	760	....	Hall (R & H.)	45xd	.
IoM Stm. £1	100	....	Heiton Hldgs.	13	
IRISH			Irish Ropes	41	...
Exch. 12% 1985	£100	+⅛	Jacob (W & R.)	75	.
Nat. 9¾% 84/89	£90	..	Unidare	83	...
Fin. 13% 97/02	£98¾	...			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	24	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	35	Lucas Inds	25		
Brit. Telecom	11	Marks & Spcr	11	Brit. Oil & Min	4
Brown (J.)	3	Midland Bk	38	Brit Petroleum	42
Burton Ord	59	NEI	8	Burmah Oil	18
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	19
Dunlop	6	RHM	11		
FNFC	8½	Rank Org Ord	32	**Mines**	
Gen Accident	45	Reed Intl	50	Charter Cons	18
Gen Electric	27	Sears	8	Cons Gold	44
Glaxo	85	TI	20	Lonrho	14
Grand Met	25	Tesco	20	Rio T Zinc	56
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 43

AUTHORISED UNIT TRUSTS

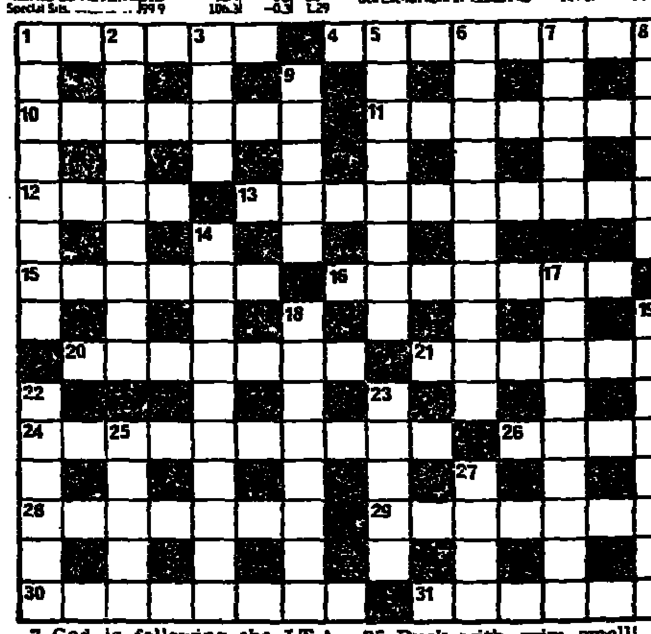
FT UNIT TRUST INFORMATION SERVICE

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-588 2777 Dealing 01-638 0478/0479
Britannia Viewpoint 01-675 6666

UK Specialist Funds				
Growth Gilt Trust	52.1	52.9		0.72
Recovery	77.7	82.9	-0.7	2.85
Smaller Cos	113.0	120.5		1.27
Spec. Mkt. Sits.	74.0	78.9	-1.1	1.33
Int. Growth (Domestic)	31.9	34.0	-0.5	3.10
High Income Funds				
Extra Inc.	51.3	54.7	-0.3	7.82
Gilt	25.6	27.2		9.71
Inc & Growth	149.8	159.8	-1.7	4.76
Nat. High Inc.	144.8	154.5	-1.3	6.04
Pref Shares	17.2	18.3		11.28

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,701



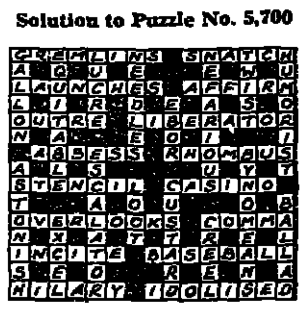
ACROSS

1 Splendid girl has to eat outside (6)
4 Settled in dead awkward surroundings, is fair (8)
10 Reception giving pleasure (7)
11 "Bishop may be taking pawn and Queen," the Spanish scoffed (7)
12 They really enjoy things cooler on the last 'bus (4)
13 "Crazy Cain," the clergyman goes on, "is incorrect" (10)
15 Act aimlessly in the new role, showing sex-appeal (8)
16 Collapse of plot to bring back knotted lace (7)
20 The vicar takes some tongue back (7)
21 The sort of crab her boy is upset by (6)
24 Not having much money enjoyed life, being ephemeral (10)
26 *Penny the swimmer is to be* found in the Isle of Man (4)
28 Naughty books I race to destroy! (7)
29 A man to make a disturbance, he *defends* his country's rights (7)
30 Crowded? Then go touring, right into Land's End (8)
31 Seeing soldier in broken cart is distressing (8)

DOWN

1 When depressed, collapse with humiliation (8)
2 Lent naive cook a card to send (9)
3 Retreat, concerned with returning in good condition (4)
5 In one document, half the pictures are described minutely (8)
6 Not taught nude act, due to shape! (10)
7 God is following the I.T.A. version of "The Pope's Diadem" (5)
8 Considered *catching yours* truly in the act! (6)
9 Food is taken around mid-morning, as intended (5)
14 Walker rested uneasily, being in terrible pain (10
17 Heather Brown's in the timber business (9)
18 Around mid-day meet its eccentric judge (8)
19 Left in the act, I resolved to become physically fit (8)
22 Express agreement since transmitted (6)
23 Jumped in, late again, the deep end (5)
25 Duck with grim smell! (5)
27 A celebrity, one not in step (4)

Solution to Puzzle No. 5,700



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Sec A	27.4	28.9		
Managed	20.4	21.5		
Equity	16.2	17.6		
Blue Chip	22.9	24.2		
Special Sits	24.5	25.8		—
International	26.9	28.4		
American	20.9	22.0		
Pacific	200.0	21.1		
Property	17.2	18.2		
Fixed Yield	17.9	21.0		
Index Linked Secs	11.2	11.8		
Intl Currency	13.3	14.1		
Deposit	16.1	17.0		

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	15.10	15.86	

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262529

Multi Gwth April 6		£318.829		—
Multi Gwth "A" April 6	286.0	300.0		—
Op 8 Prop April 18	266.0	279.0		—
Op 8 Equity April 23	396.9	417.8	+0.5	—
Op Hy April 18	272.1	286.5		—
Op 8 Man April 18	357.9	376.8		—
Op 8 Dep April 23	204.8	215.6	+0.1	13.12
Op 8 Bond April 18	176.7	186.0		—
Op 8 Inc Dist April 18	149.6	157.5		8.29
Op 8 Inc Man April 18	202.6	213.3		—
Op 8 USS April 18	144.4	152.1		—
Pens 8 Pr Ac Apr 15	356.3	374.1		—
Pens 8 Eq Ac April 15	1,152.7	1,213		—
Pens 8 FI Ac April 15	399.0	421.0		—
Pens 8 Md Act Apr 15	645.4	679.4		—
Pens 8 Dp Acc Apr 15	331.6	349.1		—
Pens8Gart Gtobe Apr 25	113.0	119.0		—
Pens 8 Gart NA Apr 25	98.1	103.3		—
Pens8GartP Apr 25	116.1	122.3		—

For Pensions Capital Units please ring ext. 2396 or 2362.

Britannia Funds—Series A

Am Smlr Co's	129.8	136.7	−0.1	—
Am Spec Sits	147.6	155.4	−0.4	—
Commodity	82.1	86.5		—
Extra Inc	118.1	124.4	+0.9	—
Far East	102.1	107.5	+0.4	—
FI Secs	157.3	165.6	−0.4	—
Gold & Gen	85.5	90.1		—

[illegible]

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	203.9	214.7	−0.6	—
UK Equity	238.5	251.1	−2.0	—
Overseas Eq	192.5	202.7	+1.3	
American	194.5	204.8	+1.0	
Far East	262.0	270.6	+2.2	
Property	114.0	120.1		
Fixed Int	165.3	174.1	+0.1	
Indexed Gilt	106.7	112.4		
Deposit	116.1	122.3		

Pension Fund Prices

Man. Initial	205.5	216.4	−0.4	
Man Acc	231.0	243.2	−0.5	
UK Eq. Initial	226.5	238.5	−2.4	
UK Eq.	250.9	264.2	−1.5	
Overseas Eq. Initial	214.8	226.2	+1.1	
Overseas Eq.	249.2	262.4	+1.3	
American Initial	214.0	226.4	+1.5	
American	239.3	251.9	+1.6	
Far East Initial	200.8	211.4	+3.2	
Far East	226.1	238.0	+3.7	—
Prop. Initial	109.6	115.4		—
Prop.	121.9	128.4	+0.1	—
Fixed Int. Initial	149.6	157.5		—
Fixed Int.	165.8	174.6		—
Indexed Gilt Initial	94.8	108.1		—
Indexed Gilt	110.0	115.9		—
Deposit Initial	115.3	121.4		—
Deposit	128.6	135.6		—

NPI Pensions Management Ltd.

Managed Fund	568.4	583.0	

Prices April 1. Next dealing May 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	378.6	390.1	+3.4	—
UK Equity	177.0	186.4	+0.1	—
American	252.7	266.0	+0.2	—
Pacific	354.1	372.8	+1.9	—
Property	154.7	162.8		—
Gilt	180.2	189.7	+0.1	—
High Inc. Equity	164.9	173.6	+0.2	—
High Inc. Fxd. Int	105.8	111.4	+0.3	—
Deposit	162.0	160.0		—
Index-Linked Gilt	105.8	111.4	+0.1	

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.20		−0.09	—

Inv. Adv.: M & G Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.4		0.00
Canacle Fund	59.5	62.0		0.00
Precious Metal Fund	69.5	72.4		0.00
Vanguard Cmdy Fd	19.3	19.8		0.00
Financial Futures Fd	31.6	33.0		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		$9.55	−0.02	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.09	9.78	14.99	6mth
7-day Fnd	13.01	9.75	14.50	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.14	9.82	14.52	6-Mth
7-day Fund	12.65	9.46	13.97	6-Mth
Dollar	8.69	—	—	6-Mth
Money Mngt. Acct	12.75	9.53	14.32	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.75	9.53	14.32	Qtr
Mth. Int Chq	12.625	9.44	14.35	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.40	9.26	13.80	Mth
Barclays Prime Account PO Box 125, Northampton. 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.64	Mth
Charterhouse Japhet plc 1, Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.75	9.53	14.29	Mth
U.S. Dollar	9.00	6.90	8.36	Mth
German Marks	5.0	4.73	5.13	Mth
Swiss Francs	3.00	1.50	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £2,500	11.0	8.22	12.11	Qtr
Over £2,500	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.75	9.53	14.37	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	12.40	9.26	13.80	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	13.125	9.81	14.01	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H I C A	12.26	9.16	13.66	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	13.25	9.90	15.10	Mth
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High. Int Bk. Acc.	12.00	8.97	12.75	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.02	8.98	13.59	Qtr
Money Acc	12.70	9.50	14.27	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	13.00	9.72	14.81	Mth
Over £10,000	13.25	9.90	15.10	Mth

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Straits tin drops below floor price

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN CAME under pressure on the *London Metal Exchange* yesterday after the Straits tin price in Kuala Lumpur fell overnight below the International Tin Agreement (*ITA*) "floor" level of 29.15 ringgits (Malaysian dollar) a kilo for the first time since April 1982. The price dropped 20 cents to M$29.10 after rising to M$29.90 earlier this month as the dollar weakened.

The ITA buffer stock is supposed to keep prices between the M$29.15 "floor" and the "ceiling" of M$37.89 a kilo.

At the International Tin Council meeting last month Mr Pieter de Koning, buffer stock *manager*, won *approval to* operate more flexibly, if necessary below the floor price. He has long said this was the best and cheapest way to *defend the* floor level in spite of considerable opposition from some producer countries who viewed the floor as sacrosanct. Mr de Koning is now exercising the flexibility for the first time. The decline in April 1982 below the "floor" was a temporary aberration due to communications problems.

Recently, the market has been thrown into confusion by violent fluctuations in exchange rates, particularly between sterling and the U.S. dollar, to which the ringgit is linked.

Last month the sterling price *of standard grade cash tin on* the LME reached a record £10,227.5 a tonne. Since then the recovery in sterling has been *used by the buffer stock to lift* Straits tin above the "floor." This was not sustainable, however, in view of the depressed state of the market. *The* weakening in the dollar is believed to have put the buffer stock's funds under pressure.

Yesterday LME tin values closed slightly lower, while a weakening in sterling pushed *other base metal prices sharply* higher.

The rise was led by copper, where the continuing squeeze on nearby supplies boosted the higher grade cash price by £29.75 to £1,215.75 a tonne.

Meanwhile the LME board yesterday rejected a management committee recommendation that a new copper contract *should be introduced specifically* for high-grade cathodes. Further talks are to be held.

The subject is arousing mixed feelings on the exchange. While a separate contract for high-grade contracts is logical, and is supported by some producers and consumers, opponents fear the introduction of a third contract will reduce liquidity and *make the market even more* vulnerable to supply squeezes.

Thai zinc refinery comes on stream

By Boonsong K'Thana in Bangkok

THE ASSOCIATION of South East Asian nations' only zinc refinery starts operations today.

The $104m refinery, in Thailand's northern province of Tak, 40 km north of Bangkok, has been set up by Padaeng Industry Company, a Thai-Belgium joint venture.

Thai Prime Minister Prem Tinsulanonda will open the electrolytic zinc smelter. Its output of 60,000 tons of zinc ingots a year will meet Thailand's needs and leave a surplus for export ot neighbouring countries which previously relied on imports from Australia and Japan.

The Thai government owns 33 per cent of the equity while Thai companies hold 37 per cent. Three major Belgian industrial companies own the rest—Mechim SA (13 per cent), Vieille Montagne (15 per cent) and Societe Belge d' Investissement International (2 per cent).

WEEKLY METALS

All prices supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,750-2,900.

BISMUTH: European free *market, min 99.99 per cent,* $ per lb, tonne lots in warehouse, 5.60-6.00.

CADMIUM: European free market, min 99.99 per cent, $ per lb, in warehouse, ingots 0.90-0.96, sticks 0.95-1.01.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 11.50-11.60.

MERCURY: European free *market, min 99.99 per cent,* $ per flask, in warehouse, 286-296.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 4.10-4.30.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 6.60-7.20.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per *tonne unit* WO_3, cif, 71-74.

VANADIUM: European free market, min 98 per cent, V_2O_5, other sources, $ per lb V_2O_5, cif 2.38-2.42.

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 15.00.

The Sandinistas' quiet revolution

Despite its Socialist rhetoric, Nicaragua plans a big tobacco deal with BAT. Tim Coone reports

A REVOLUTION is quietly taking place in Nicaragua. Not the one that causes sleepless nights in Washington, but one involving the British company British American Tobacco and the Nicaraguan and Bulgarian Governments, and which by the end of the century is likely to have a major impact on the world tobacco trade.

By then, tobacco is projected to become Nicaragua's principal export earner, displacing coffee and cotton. Nicaraguan tobacco *will become the principal feed*stock of blond burley tobaccos to Bulgaria's huge tobacco industry. Nicaragua's climate and soils are *ideal for growing* burley tobaccos.

Until the 1979 revolution the BAT subsidiary in Nicaragua, Tanic, was producing 2.3bn cigarettes a year, primarily for the domestic market.

The Sandinista revolution and the opening of trade links between Bulgaria and Nicaragua brought new prospects for the *tobacco industry.*

Mr Iain Imrie, managing director of Tanic, said: "The Government approached us in *1982 with a proposal to expand* our processing capacity of stripped tobacco leaf from 1.5m kilos to 10m kilos a year."

The negotiations were successful and in February new machinery costing $2.6m purchased in the UK, the U.S. and Italy for the Tanic plant in Managua, began operation.

In hot *sheltered valleys in* northern Nicaragua, co-operatives and state farms are rapidly expanding their tobacco acreage, *and huge drying sheds sprout* every month as government planners try to meet the first stage target of 6,000 hectares planted to burley tobacco.

The dried leaf is delivered to the Tanic factory where it is stripped and processed for export. The government then collects and exports it to Bulgaria, already the world's *biggest exporter of cigarettes* and tobacco leaf.

The second stage of the project, according to *Sr Edgard* Chamorro, head of the state enterprise Agro-Inra which oversees all major farming and industrial projects, contemplates expanding tobacco areas to 25,000 hectares by the year 2000. This would produce 50m kilos of stripped leaf per year for export with a potential value of $150m to $200m.

Surprisingly, little countertrade is involved with Bulgaria according to Sr Cesar Arostegui, Nicaragua's vice minister for *external* co-operation. "They are hard commercial negotiations," he said. "It is not countertrade."

Nicaraguan purchases *from* Bulgaria began in 1982 with the opening of a $140m credit line. Nicaragua is buying mostly machinery and medicines, and receiving Bulgarian assistance in building a deepwater port on the Atlantic and for a vegetable development project which will provide half Nicaragua's fresh vegetables and export processed *vegetables to Bulgaria.* Bulgaria is also giving considerable technical assistance in expanding the tobacco crop.

The first *stage* production target of 10m kilos of stripped leaf was to have been completed *by 1988.* However, the U.S.-backed guerrilla war has affected some tobacco growing zones. Several state farms have been burnt out by *guerrillas.* Mr Imrie said the 1988 target had now been put back two years, but he was not unduly worried. "We now have an efficient and modern plant, we have an agreement with the Government to repatriate dividends and we have a prospect of further expansion in the future," he said.

Tanic's success in its negotiations with the Nicaraguan government, especially over the repatriation of dividends when *the country's foreign exchange* crisis is so critical, shows the government regards the project as important and is prepared to be flexible in dealing with major transitional companies.

That may be of interest to oil companies, who are certain to be invited to join in petroleum exploration in the next two years.

And it may come as something of a surprise to the Sandinistas' antagonists in Washington, now in full cry, to find that BAT has discovered there is indeed business to be done in Nicaragua.

Vast sugar plant reaches full output

BY JAMES BUXTON IN ROME

KENANA, the controversial vast sugar project in Sudan, has at last operated at full capacity —*producing just over 300,000* tonnes of semi-refined sugar this harvesting season.

The sugar complex, on the White Nile about 180 miles south of Khartoum, is the largest in the world. From the *time the scheme was proposed* by Mr R. W. "Tiny" Rowland of Lonrho to former President Jaafar Nimeiri in the early 1970s, doubts persisted about the feasibility of operating such a large complex to capacity.

Even though *output* rose steadily from Kenana's opening in 1981, its management had to face serious problems caused by Sudan's failing economy and shortage of foreign exchange, which made fuel for vehicles *hard to obtain.*

Economies were made using hand cane cutters instead of machines for half the 80,000 acre estate, and by burning bagasse—cane residue—instead of oil in the furnaces.

When Kenana was opened, full capacity output was projected for the 1982-83 season.

Nevertheless Kenana has not, as originally intended, made Sudan into a sugar exporter. The failure of rest of the country's sugar industry to increase production has meant Kenana has produced only for the domestic market. But with the world sugar price at rock-bottom levels it is questionable whether exporting would have been *economic.*

The company sells its sugar to the government at a price agreed each year. In the year to September 30, 1984, Kenana achieved interim sales of Sudan £120.4m (sterling £44m). No profit and loss figures are available because the company is still awaiting the outcome of its request for a price increase for that year's crop, which would mean a higher sales figure.

In 1982-83 Kenana lost Sudan £21.8m on sales of Sudan £115.8m. That year's sugar price was Sudan £537 per tonne.

Kenana is one-third owned by the Sudanese Government *and one-third by the* Government of Kuwait. The rest of the equity is held by the Saudi Arabian Government, the Arab Investment Company and other shareholders. Lonrho owns 0.48 per cent.

● EEC beet *sugar production* could reach 13.4m tonnes, raw value, in 1985-86, marginally up on last year's 13.3m tonnes, if the long run upward trend in sugar yields continues, according to F. O. Licht, the West German sugar statistics agency.

Licht said this meant total West European sugar output could rise to around 18.6m tonnes from 18.2m last year.

It forecast only a slight change in European sugar beet planting acreage, including the Soviet Union, for 1985-86 compared with its first estimate in *early March. It put total plant*ings at 7.426m hectares compared with 7.436m in in its first estimate and 7.413m in 1984-85.

Licht sees Western European beet plantings at 2.56m hectares compared with 2.55m in its first estimate and 2.59m in 1984-85. The EEC area was set at 1.711m hectares against 1.709m in the first estimate and 1.73m in 1984-85.

Eastern European 1985-86 plantings, including the Soviet Union, were forecast by Licht at 4.86 hectares, down from 4.89m in its first estimate and 4.83m the previous year. Of *that total, the USSR was ex*pected to plant 3.48m hectares against 3.46m the previous year.

REUTER

Milk output running below EEC quota

By Our Commodities Staff

MILK production in England and Wales at the end of the second week of the new quota year (*to April 13*) was running about 2 per cent below the dairy quota set, by the EEC, according to the Milk Marketing Board.

Cumulatively, the shortfall against quota from April 1 to April 13 is estimated at 8 litres or 1.7 per cent.

In the final month of the first quota year output was 1,172.4m litres, 4 per cent lower than the previous year's figure of 1,221m litres. Output for the year as a whole was 7.2 per cent *lower than in* 1983-84 at 12,601.1m litres.

Sales of milk for manufacturing in March, at 646.4m litres, were 5.9 per cent *lower than* the previous year. Liquid sales of 524.7m litres were 1.4 per cent lower, but for the whole year were down by 1 per cent on 1983-84 at 6,077m litres.

● **DREXEL** Burnham Lambert intends to provide a comprehensive service as a full clearing member on the new Baltic International Freight Futures Exchange (*BIFFEX*) is announced yesterday. It will operate in association with the Maersk Company and P. Wigham-Richardson and Company, both members of the exchange.

● **THE WELSH** Water Authority has suspended its Wye salmon netting operations at Chepstow in Wwent after an *alarming fall in the number of* fish being caught.

The catch has dropped from 9,500 in 1972 to 1,700 last year and the authority says drastic action has to be taken to allow fish to move dowr. river and spawn future generations.

● **THE AGRICULTURAL** Mortgage Corporation has cut its interest rate on all new variable rate loans from *15 per cent to* 14.5 per cent.

● **BANGLADESH** tea output is expected to fall to 38m kilos in the year ending April 30, 1985, from 43.8m last year because of bad weather, Tea Board *officials said.*

Tea exports have been restricted to 24m kilos for 1984-85 against 31m in 1983-84

Canada strengthens grasp on Egypt's wheat market

BY BERNARD SIMON IN TORONTO

EGYPT has agreed to buy at least 2.5m tonnes of wheat from Canada over the next five years, reinforcing Canada's recent strong growth in Egypt's wheat market.

Under the agreement between the Canadian Wheat Board and the Egyptian General Authority for Supply Commodities, Egypt will buy at least 0.5m tonnes of wheat a year up to 1989. Prices and other terms will be negotiated periodically. A sale of 0.3m tonnes has already been concluded for 1985.

Mr Charles Mayer said any credit provided for the sales would be on commercial terms.

The 1982 drought in Australia enabled Canadian wheat exporters to gain a toehold in the Egyptian market. According to a wheat board official, Canadian government financing, competitive pricing and increased output of exportable grades *of soft wheat have* contributed to Canada's stronger position in the Egyptian market.

Canadian wheat exports to Egypt soared from 23,000 tonnes in the year to July 1983 to 662,000 *tonnes* in 1983-84.

LONDON MARKETS

COFFEE prices on the London futures market continued this week's strong rise yesterday as bullish technical and fundamental factors added to *the pressure provided by the* pound's further slide against the dollar.

The July position was trimmed by profit-taking in late trading but still finished at £2,134.50 a tonne, adding £43.50 to Monday's £63.50 advance.

Dealers said the fundamental support arose from *hopes that last week's* resolution to eliminate price differentials between sales to members and non-members of the International Coffee Agreement might gradually raise physical price levels.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 23 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1160/170	....	$1120/140
Copper			
Cash h Grade	£1215.75	+29.75	£1200.5
3 mths	£1171.25	+15.5	£1218.5
Gold troy oz	$326.5	—2	$324
Lead Cash	£310	+5.5	£303.5
3 mths	£309.25	+4.5	£312.75
Nickel			
Free Mkt	243/275c	+1	238/268c
Palladium oz	$110.75	-0.75	$114.00
Platinum oz	$280.75	—7	$272.25
Quicksilver†	$280/290	....	$285/295
Silver troy oz	499.90p	....	532.95p
3 mths	514.90p	+0.75	550.45p
Tin cash	£9230	—10	£9610
3 mths	£9225	—10.5	£9627.5
Tungsten	$77.70	....	$76.70
Wolfram 22 04lb	$72/74	—2	$75/78
Zinc	£703	+6	£782.5
3 mths	$701.5	+10.5	£755.5
Producers	$060	....	$920/940

OILS	Apr. 23 1985	+ or —	Month ago
Coconut (Phil)	‡	....	$670
Palm Malayan	‡	....	$660
SEEDS			
Copra Phil	‡	....	$510
Soyabean (U.S.)	‡	+1	$253.4
GRAINS			
Barley Fut. Sep	£98.80	+0.05	£98.80
Maize	£151.00	....	£152.00
Wheat Fut. July	£122.50	....	£125.40
No. 2 Hard Wint.	‡	....	‡
OTHERS			
Cocoa Ft. July	£1878.5	—21.5	£2047.5
Coffee Ft. July	£2134.5	+43.5	£2296.5
Cotton A Index	66.05c	....	67.45c
Gas Oil May	$228.75	—1	$232.5
Rubber (kilo)	65p	....	67p
Sugar (raw)	$98.5wz	—2.5	$111
Wooltops 64s	456p	....	506pkilo

‡ Unquoted. w April-May. z June. y May. † Per 76-lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

April 22	April 19	M'th ago	Year ago
293.35	292.24	297.14	309.36

(Base: July 1 1952 = 100)

REUTERS

Apr. 22	Apr. 19	M'th ago	Year ago
1670.5	1668.5	1998.4	2007.3

(Base: September 18 1931 = 100)

MOODY'S

Apr. 22	Apr. 19	M'th ago	Year ago
947.9	951.9	964.3	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 22	Apr. 19	Month ago	Year ago
Spot	119.88	119.99	119.57	—
Fut.	123.25	123.19	123.00	—

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1224 6	+39	1215-6.5	+29.7
3 months	1171 2	+20.5	1171.5	+15.6
Settlem't	1226	+39	—	—
Cathodes				
Cash	1171-3	+9.5	1170 2	+10.0
3 months	1172 3	+20	1169-70	+11.0
Settlem't	1173	+6	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1223, 25, three months £1170, 71, 70, 69, 71, 72, 73, 72. Cathodes: Three months £1172. Kerb: Higher Grade: Three months £1172, 71, 70, 69. Afternoon: Higher Grade: Three months £1167, 66, 71, 70, 71, 72, 71.5, 71. *Cathodes: Three months £1270.* Kerb: Higher Grade: Cash £1210, 15, three months £1171, 70, 71, 72, 72.5, 73, 74, 73. Turnover: 32,450 tonnes. U.S. Producers: 70-74 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9140 5	-125	9230 40	-5
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	—	
Standard				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	—	
Straits E.	$29.10			

Tin—Morning: Standard Cash [illegible]. Kerb: Standard [illegible]. Afternoon: Standard [illegible]. Turnover: 1,875 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	310-11	[illegible]	309.5-10.5	[illegible]
3 months	309.5-10	[illegible]	309.5	[illegible]
Settlem't	311	[illegible]	—	

Lead—Morning: Cash £311, 10.5, 11. Three months [illegible]. Afternoon: Three months [illegible]. Kerb: Three months [illegible]. Turnover: [illegible] tonnes. U.S. Spot: 20-22 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	—	

Zinc—High Grade Official/Unofficial prices: [illegible]. Turnover: [illegible] tonnes. U.S. Prime Western: 45.50-47.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	879 80	+9	887.5 8	+18½
3 months	900.5 1	+14½	908.5	+17½

Aluminium—Morning: Cash £881.5, 88, three months £899, 900, 01, 900.5, 01. Kerb: Three months £900, 899, 900. *Afternoon: Three months £904, 03, 04,* 09, 08, 07, 08, 08.5, 08. Kerb: Three months £909, 10, 11. Turnover: 17,325 tonnes.

GOLD

Gold fell $2 an ounce from Monday's close *in the bullion market yesterday* to finish at $326¼-$326¾. The metal opened at $326¾-$327¼ and traded between a high of $328½-$329 and a low of $324¾-$325¼. Gold rallied after reports of a fall in U.S. durable goods orders but the dollar failed to move lower on the figures and consequently there was little incentive to push gold higher.

GOLD BULLION (fine ounce) Apr. 23

Close	$326¼-326¾	[illegible]
Opening	$326¾-327¼	[illegible]
M'n'g fix	$326.00	[illegible]
Aft'n'n fix	$326.60	[illegible]

GOLD AND PLATINUM COINS

Kr'g'r'nd	[illegible]	[illegible]
½ Krug	[illegible]	[illegible]
¼ Krug	[illegible]	[illegible]
1/10 Krug	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sov	[illegible]	[illegible]
½ New Sov	[illegible]	[illegible]
Old Sov	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

Silver was unchanged at yesterday's fixing in the London bullion market yesterday at 499.9p. U.S. cent equivalents of the fixing levels were: [illegible].

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	499.90p	[illegible]	[illegible]	[illegible]
3 months	514.90p	+0.75	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12 months	[illegible]	[illegible]	[illegible]	[illegible]

LME—Turnover: 47 (28) lots of 10,000 oz. Morning: 2nd ring cash 498, three months 513.5. Kerb: three months 514. Afternoon: 1st ring three months 513. Kerb: three months 517.

NICKEL

NICKEL	a.m. Official (£)	+ or — (£)	p.m. Unofficial (£)	+ or —† (£)
Spot	4395-400	+93.5	4460 80	+142
3 months	4300-5	+85	4370-80	+112

Nickel—Morning: Cash £4400, three months £4290, 4305. Kerb: Three months £4315, 20, 15. Afternoon: Cash £4420, 60, three months £4330, 25, 30, 70, 80. Kerb: Three months £4375, 70, 80, 90, 4400. Turnover: 1,212 tonnes.

COCOA

Following an opening £10 easier futures ran into aggressive trade selling and fell to limit-down before rallying slightly in the late afternoon, reports Gill and Duffus.

COCOA	Yesterday's Close (£ per tonne)	+ or —	Business Done
May	1860 1861	—40.0	1895-1858
July	1878 1879	—21.5	1900 1861
Sept.	1851 1852	—10.5	1856 1851
Dec.	1793 1795	—8.5	1797-1781
Mar.	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 5,679 (2,901) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for April 22: [illegible]; five-day average for April 23: [illegible].

COFFEE

Prices rallied strongly during the morning following overnight strength in New York, [illegible].

COFFEE	Yesterday's Close	+ or —	Business Done
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for April 22: Comp. daily 1979 [illegible]; 15-day average [illegible].

GRAINS

*Old crop wheat recovered early set*backs of 20p to rally 60p on late short-covering against limited shipper selling but closed about unchanged. New crops were dull, a little steadier on lack of offers, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
May	118.65	+0.15	114.60	—0.56
July	122.50	—	—	—
Sept.	99.55	+0.05	98 80	+0.05
Nov	102.70	+0.10	102.30	—
Jan	105.40	+0.10	105.80	+0.05
Mar	109.60	+0.10	109 10	+0.05

Business done—Wheat: May 118.90-8.30, July 122 80-2.30, Sept 99.50-9.40, Nov 102.60 only, Jan and Mar untraded. Sales: 211 lots of 100 tonnes. Barley: May 115.00-4.60, Sept 98.75-8.60, Nov 102 30 only, Jan 105.75 only, Mar untraded. Sales: 259 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: [illegible]

PIGMEAT

Prices closed on a steadier note reflecting slightly stronger physicals and an absence of hedge selling, reports CCST Commodities.

Month	Yesterday's close (p. per kilo, deadweight)	Previous close	Business done
June	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

Sales: 77 (49) lots of 50 carcases, 3,250 kg.

POTATOES

The market was extremely quiet, [illegible], reports Coley and Harper.

Month	Yesterday's close (£ per tonne)	Previous close	Business done
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Sales: 257 (203) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened steadier, [illegible], reports Lewis and Peat. [illegible]

OIL

The previous day's gains on the Nymex June position position were erased by noon EST. Weak futures and a lot of unsold North Sea barrels for May depressed Brent by 10-15c. Gulf crudes were stable to weak. In the petroleum products market May gas oil was marginally weaker due to softer heating oil prices in New York. *High sulphur fuel prices continued to* fall due to lack of demand, and have now fallen $35 in two months—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—May	Latest	Change + or —
Arab Light	27.55 27.65	—
Arab Heavy	26.25 26.35	—
Dubai	26.45 26.55	—
Brent Blend	27.60 27.70	—0.125
W.T.I. (1pm est)	28.40-28.50	—0.25
Forcados (Nigeria)	28.00-28.15	—
Urals. (cif Med)	27.20 27.30*	—0.20
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	280-282	—2
Gas Oil	230 251	—0.5
Heavy fuel oil	152-154	—3.5

*April

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close ($ U.S. per tonne)	+ or —	Business Done
April	231.00	+0.25	231.50-31.00
May	228.75	—1.00	230.75-28.25
June	225.25	—1.75	225.50-23.25
July	222.00	—1.50	224.00-22.00
Aug	225.50	+0.25	225.50
Sep	226.00	—0.75	227.50-26.00
Oct	228.00	—2.00	—

Turnover: 731 (1,532) lots of 100 tonnes

SOYABEAN MEAL

The market opened unchanged, reports T. G. Roddick. Prices firmed on weaker sterling.

	Yesterday close	+ or —	Business Done
June	[illegible]	[illegible]	[illegible]-124.8
August	[illegible]	[illegible]	[illegible]-123.0
October	[illegible]	[illegible]	[illegible]-123.2
Dec	[illegible]	[illegible]	—
Feb	[illegible]	[illegible]	—
Apr	[illegible]	[illegible]	—
June	[illegible]	[illegible]	[illegible]

Sales: 865 (629) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar [illegible]. White sugar [illegible]. The overnight sell-off in New York prompted more selling on a technical basis and all positions fell to new life-of-contract lows, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close ($ per tonne)	Previous close	Business done
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £184.50 [illegible] a tonne for export. International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 22: Daily price [illegible]; 15-day average 3.55 [illegible].

COTTON

LIVERPOOL—Spot and shipment sales amounted to [illegible] tonnes, bringing the total for the week so far to [illegible] tonnes. [illegible] as Turkish styles moved off steadily.

U.S. MARKETS

PRECIOUS METALS weakened in sympathy with currency values, along with mercial selling but slow country movement.

reports of progress on the trade deficit, reports Heinold Commodities. Copper lost ground on the lack of evidence of Chinese offtake in London. Aluminium was supported by a decline in primary production in the *latest reporting period during* March. Sugar values declined on tired long liquidation and fresh selling on the lack of bullish fundamental news. Cocoa fell back on favourable crop prospects particularly in Brazil. Coffee traded sharply higher on reports of a well sold position by Colombia for second quarter 1985 shipment. *Cotton firmed late in* the session on fresh buying ahead of first notice day on April 24. Heating oil advanced on short-covering ahead of expiry of the nearby contract.

These are Monday's prices. Yesterday's were not available for this edition.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	48.85	—	—	48.70
May	49.00	49.05	48.90	48.86
June	49.45	—	—	49.25
July	49.85	49.90	49.65	49.65
Sept	50.65	50.65	50.65	50.45
Dec	51.85	51.95	51.95	51.65
Jan	52.25	—	—	52.05
March	53.05	53.00	53.00	52.85
May	53.85	—	—	53.65
July	54.65	—	—	54.45

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
May	3.35	3.47	3.34	3.49
July	3.52	3.64	3.51	3.70
Sept	3.70	3.81	3.70	3.88
Oct	3.85	3.95	3.84	4.00
Jan	4.21	4.37	4.21	4 37
March	4.75	4.84	4.76	4.87
May	4.98	5.06	4.97	5.07
July	5.20	5.25	5.20	5.28

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	68.07	68.45	67.67	67.93
July	66.85	67.00	66.38	66.72
Oct	65.10	65.10	64.85	65.10
Dec	65.23	65.27	65.16	65.36
March	66.53	66.45	66.32	66.44
May	67.43	67.35	67.35	67.35
July	67.75	67.75	67.75	67.50

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
May	29.95	30.00	29.37	29.31
June	28.56	28.61	28.30	28.24
July	27.89	27.95	27.70	27.81
Aug	27.63	27.66	27.38	27.30
Sept	27.40	27.40	27.15	27.06
Oct	27.25	27.20	27.07	27.10
Nov	27.15	—	—	27.20
Dec	27.20	—	—	27.20

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2449	2490	2444	2485
July	2221	2262	2215	2255
Sept	2167	2192	2155	2180
Dec	2128	2148	2125	2138
March	2130	2130	2125	2145
May	2130	—	—	2145
July	2130	—	—	2145

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
May	145.16	45.60	41.60	42.10
July	145.28	45.60	41.90	42.12
Sept	144.46	44.90	41.60	41.70
Dec	143.93	44.50	41.40	41 00
March	143.25	43.50	43.00	40.90
May	142.50	42.50	42.50	40 50
July	141.55	—	—	40.00

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	327.4	329.3	327.0	328.5
May	328.0	—	—	329.2
June	330.1	332.0	329.0	331.3
Aug	334.3	335.9	333.3	335.5
Oct	338.8	340.8	338.3	340.0
Dec	343.6	345.3	342.7	344.9
Feb	348.9	350.5	348.5	350.3
April	354.3	356.0	355.5	355.7
June	360.2	361.0	360.0	361.7
Aug	366.2	—	—	367.8
Oct	372.3	—	—	374.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
May	77.10	77.30	76.10	75.74
June	73.35	73.70	72.70	72.32
July	72.15	72.50	71.55	71.27
Aug	72.70	72.80	71.90	71.60
Sept	73.20	73.50	72.65	72.62
Oct	73.50	—	—	73.50
Nov	74.15	—	—	74.15
Dec	75.00	—	—	75.00

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	155.00	55.00	54.40	55.10
Nov	152.95	52.90	52.90	53.00
Jan	152.95	—	—	53.00
March	153.00	53.00	53.00	53.10
May	153.10	—	—	53.10
July	153.10	—	—	53.10

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	286.2	287.0	285.0	291.4
June	286.7	—	—	231.9
July	287.7	292.7	285.5	292.9
Oct	292.2	296.0	290.5	297.6
Jan	297.9	303.0	303 0	303 3
April	304.3	309.0	304.5	309.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	638.3	—	—	646.3
May	638.5	649.0	636.0	646.5
June	642.6	649 0	647.5	650.6
July	647.0	657.5	645.0	655.3
Sept	656.4	665.0	655.0	664.8
Dec	671.4	682.5	668.0	679.7
Jan	676.8	—	—	685.1
March	687.1	695.5	693.0	695.5
May	698.3	704.0	698.0	706 8
July	709.9	723.0	723.0	718.5

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
April	62.25	—	—	62.75
May	62.40	63.40	62.35	62.95
June	62.90	—	—	63.40
July	63.35	64.35	63.30	63.85
Sept	63.80	64.75	63.85	64 25
Dec	64.25	65.40	64.20	64.70
Jan	64.40	—	—	64 85
March	64 70	65.30	65.00	65.15
May	65.05	66.00	65 45	65.50
July	65.45	66.05	65.75	65.90

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	355.6	356.2	352.6	356.0
July	333 6	334.4	331.6	333.0
Sept	333.4	333.6	331.0	[illegible]
Dec	344.4	344.6	341.4	342.2
March	349.4	349.4	348.0	346 6
May	346.4	—	—	345.0

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	63.47	63.82	63.42	63.60
Aug	64 60	64.95	64.45	64.82
Oct	63.35	63.57	63.05	63.45
Dec	64.50	64.80	64.32	64.60
Feb	65.07	65.15	64.75	65.00
April	66.20	66.20	65.90	66.20

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	47.30	47.95	47.07	48 07
July	49.72	50.25	49 55	50.27
Aug	49.82	50.30	49.62	50.12
Oct	46.77	47.35	46 40	47.35
Dec	48.10	48 52	47.75	48.35
Feb	48.50	48.85	48.50	48.75
April	45 15	45.95	45.15	45.50
June	48.30	48.35	47.65	48 15

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
May	285.0	286.0	284.2	285.4
July	282.0	282 6	281.4	281.6
Sept	271.2	271.2	270.4	270.4
Dec	266.4	266.8	264 6	265.2
March	273.6	273.6	272.2	272.4
May	278.4	278.4	277.4	277.6
July	280.0	280.0	279.0	279.6

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
May	65.27	66.10	63 80	65.27
July	66.32	67.10	65.15	66.62
Aug	64.87	65.80	64.00	65.22
Feb	71.97	72.00	71.05	71.82
March	71.35	71.35	70.50	71.65
May	72.25	72.25	72.25	[illegible]
July	73.25	73.25	73.25	72.90

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	597.2	600 0	595.6	597.4
July	603.6	607.0	602.4	604.2
Aug	605.0	608.0	603.4	605.0
Sept	603 4	606.4	602.0	602.0
Nov	609.2	611.4	606.4	607.6
Jan	620.0	621 4	618.4	617.6
March	631.0	631.4	629.0	629.0
May	638.4	638.4	636.4	636 4
July	644.4	—	—	642.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	126 7	128 8	126.5	127.7
July	132.7	134.7	132.6	133.7
Aug	135.5	137.7	135.5	136.5
Sept	138.1	140.0	138.1	139 0
Oct	141.5	142.5	140.8	142.0
Dec	146.5	148.5	148.0	147 4
Jan	148.5	150.0	148.5	149.4
March	154.1	154.5	154.1	154.6
May	157.5	—	—	159.0
July	160.5	—	—	161.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
May	31.82	32 00	31.05	31.45
July	30.42	30.56	29.78	30.20
Aug	29.65	29.70	29.05	29.45
Sept	28.97	29.00	28.35	28.70
Oct	28.00	28.20	27.80	27.75
Dec	27.35	27.50	28.95	27 12
Jan	27.00	27.10	26.90	26 82
March	26.70	26.75	26.65	26 70
May	26.60	—	—	26.40

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 635 0, 640.0, nil; July 660.0, 662.0, 663.0-660.0; Oct 639.0, 640.0, 640.0-638.5; Dec 646.0, 646.0, 646.0-642.0; Mar 648.0, 652.0, 650.0-647.0; May 655.0, 661.0, 658.0-657.0; July 662.0, 664.0, 662.0; Oct 639.0, 645.0, nil. Sales: 121.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 511, 512, nil; Aug 530, 535, nil; Oct 533, 538, nil; Dec 533, 537, 536; Jan 535, 538, 537; March 546, 549, 547; May 551, 554, 552; Aug 563, 566, 565; Oct 566, 568, nil. Sales: 15.

MEAT

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 74.0-81.0; English hindquarters 98.0-102 0, forequarters 48.0-50.0; Ulster forequarters 45.0-49.0. Veal: Dutch hinds and ends 124.0-127.0. Lamb—English small (new season) 122.0-128.0, medium (new season) 120.0-125.0, heavy (new season) 118.0-120.0; Imported: New Zealand PL (new season) 67.0-68 0, PX (new season) 65.5-66.5. Fat sheep: *English 90.0-100.0. Pork: English under* 100 lb 47.0-58.5, 100-120 lb 50 5-55.0, 120-160 lb 40.0-48 0.

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HIDES

HIDES—Birmingham (Manchester). Second clears. Ox: 31-35.5 kg, 106.3p a kg withdrawn (109.0p); 26-30 5 kg. 113.1p a kg withdrawn (*117.3p*). 22-25.5 kg. 127.1p a kg (127 0p) Cows: under 25.5 kg. 127.1p a kg. withdrawn (126 5p withdrawn).

PARIS

SUGAR—(FFr per tonne): Aug 1260-1265, Oct 1279-1280, Dec 1310-1329, March 1409-1413, May 1451-1469, Aug 1520-1539.

COCOA—(FFr per 100 kg): May 2158 value, July 2180 bid, Sept 2134-2135, Dec 2050-2088, March 2095 asked, May 2100 asked, July 2100 asked.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up on better sentiment

The dollar improved in currency markets yesterday following renewed short covering after the weaker trend seen recently. U.S. economic statistics released yesterday included a 2.3 per cent fall in U.S. durable goods orders but the dollar showed some resistance to this potentially bearish statistic and this encouraged follow through buying.

In addition the market was already looking towards U.S. second quarter gross national product figures and expecting a significant improvement. Together with a pick up in the rate of inflation, dealers were sceptical as to how much the Federal authorities were likely to allow interest rates to fall especially since they still have to provide sufficient incentive to successfully meet their latest funding requirements.

The dollar closed at DM 3.0720 from DM 3.0110 and SwFr 2.5475 compared with SwFr 2.4935. It was also higher against the yen at Y249.65 from Y248.55 and FFr 9.3650 from FFr 9.1950. On Bank of England figures, the dollar's exchange rate index rose from 143.3 to 144.9.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. March average 1.1260. Exchange rate index 78.8 compared with 793, after an opening level of 79.0 and a high of 79.2.

Sterling was lower against the dollar, falling to $1.2515-$1.2525, a fall of 2.55c. However it was slightly better placed in terms of major European currencies, rising to SwFr 3.1925 from SwFr 3.1850 and only slightly weaker in terms of the D-mark at DM 3.8450 from DM 3.8475. Against the French franc it eased to FFr 11.72 from FFr 11.77 and was also weaker against the Japanese yen at Y312.25 compared with Y317.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9845. March average 3.2972. Exchange rate index 122.1 compared with 121.5 six months ago.

The dollar improved in late trading in Frankfurt as heavy demand for the U.S. unit developed after a resistance to potentially bearish durable goods figures. The dollar closed at DM 3.0350 from DM 2.9870 amid speculation that a rise in U.S. inflation and the authorities' funding requirements would inhibit a downturn in interest rates.

STERLING INDEX

	April 23	Previous
8.30 am	79.0	79.2
9.00 am	79.1	79.3
10.00 am	79.2	79.2
11.00 am	79.2	79.2
Noon	78.9	79.2
1.00 pm	79.0	79.2
2.00 pm	79.0	79.3
3.00 pm	79.0	79.2
4.00 pm	78.8	79.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.1102	+0.47	+0.59	±1.5522
Danish Krone	8.14104	8.04684	−1.16	−1.04	±1.6419
German D-Mark	2.24184	2.23704	−0.21	−0.09	±1.1475
French Franc	6.87456	6.82858	−0.67	−0.55	±1.3689
Dutch Guilder	2.52595	2.53255	+0.26	+0.38	±1.5171
Irish Punt	0.72569	0.714837	−1.50	−1.38	±1.6703
Italian Lira	1403.49	1431.76	+2.01	+2.01	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	April 23	prev. close
£ Spot	$1.2552-1.2562	$1.2775-1.2785
1 month	0.54-0.52pm	0.47-0.45pm
3 months	1.27-1.22pm	1.19-1.15pm
12 months	2.65-2.50pm	2.50-2.30pm

Forward premiums and discounts apply to the U.S. Dollar.

POUND SPOT—FORWARD AGAINST POUND

April 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2510-1.2820	1.2515-1.2525	0.54-0.51c pm	5.03	1.26-1.21pm	3.95
Canada	1.7000-1.7370	1.7000-1.7050	0.53-0.44c pm	3.42	1.22-1.08pm	2.70
Nethlnd.	4.34-4.38¾	4.34½-4.35½	2½-2¼c pm	6.65	6¾-6pm	5.63
Belgium	76.96-78.14	77.20-77.30	28-22c pm	3.88	58-49pm	2.77
Denmark	13.77½-13.92¾	13.80-13.81	4¾-3¾ore pm	3.64	9½-8½pm	2.61
Ireland	1.2285-1.2355	1.2340-1.2350	0.14p pm-0.02dis	−0.58	0.22pm-.21d	−0.02
W. Ger.	3.83-3.88	3.84-3.85	2½-2¼pf pm	7.61	6½-6¼pm	6.50
Portugal	212¾-219¾	212¾-215¾	145-535c dis	−19.04	500-1530dis	−18.95
Spain	214½-216¼	214½-215½	5c pm-10 dis	−0.14	60-95dis	−1.44
Italy	2,416-2,478¾	2,453½-2,454½	2 lire pm-1 dis	−0.24	3-7dis	−0.33
Norway	11.11-11.21¾	11.11-11.12	¼ore pm-½ dis	−0.13	¼-1¼dis	−0.27
France	11.67-11.82¾	11.71½-11.72½	2⅞-2⅝c pm	2.89	6-5½pm	1.90
Sweden	11.19½-11.24¾	11.19½-11.20½	par-¼ore dis	−0.33	3¼-3⅞dis	−1.27
Japan	311¾-317¾	311¾-312¾	1.95-1.85y pm	7.30	4.90-4.75pm	6.18
Austria	26.96-27.15	26.95-27.05	14⅞-13½gro pm	6.31	36½-33pm	5.14
Switz.	3.17-3.20½	3.18¾-3.19¾	2¼-2½c pm	8.22	5½-5¼pm	6.97

Belgian rate is for convertible francs. Financial franc 77.45-77.55. Six-month forward dollar 2.03-1.98c pm, 12-month 2.60-2.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2510-1.2820	1.2515-1.2525	0.54-0.51c pm	5.03	1.26-1.21pm	3.95
Ireland†	1.0180-1.0400	1.0190-1.0210	0.43-0.33c pm	4.41	1.15-0.85pm	3.87
Canada	1.3520-1.3585	1.3575-1.3585	0.17-0.20c dis	−1.64	0.40-0.45dis	−1.25
Nethlnd.	3.4000-3.4735	3.4720-3.4730	0.44-0.41c pm	1.48	1.44-1.41pm	1.66
Belgium	60.70-61.80	61.65-61.75	6-7c dis	−1.23	15-17dis	−1.06
Denmark	10.79-11.02¾	11.02¾-11.02¾	1-1½ore dis	−1.38	2-2½dis	−0.83
W. Ger.	3.0050-3.0725	3.0715-3.0725	0.75-0.70pf pm	2.87	2.05-2.00pm	2.67
Portugal	170-172½	170-171½	175-475c dis	−22.71	560-1350dis	−22.13
Spain	168¾-171¼	170½-171	15-20c dis	−1.24	205-230dis	−5.13
Italy	1,923-1,965	1,959½-1,960½	7½-8 lire dis	−4.90	23¼-24dis	−4.87
Norway	8.71-8.87¾	8.87¼-8.87¾	3½-4ore dis	−5.12	8½-9dis	−3.98
France	9.18½-9.37	9.36¾-9.36¾	1.82-1.92c dis	−2.42	4.70-5.00dis	−2.09
Sweden	8.81-8.94¾	8.94¼-8.94¾	3½-4ore dis	−5.08	10½-11½dis	−4.97
Japan	247.50-249.70	249.60-249.70	0.50-0.46y pm	2.32	1.37-1.32pm	2.17
Austria	21.17½-21.53	21.48-21.53	3-2½gro pm	1.48	8¼-6¼pm	1.36
Switz.	2.4825-2.5480	2.5470-2.5480	0.75-0.69c pm	3.44	1.96-1.92pm	3.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.85-61.95.

OTHER CURRENCIES

Apr. 23	£	$		£ Note Rates
Argentina Peso	522.11-523.19	410.31-410.66	Austria	26.95-27.25
Australia Dollar	1.9615-1.9695	1.5360-1.5410	Belgium	77.75-78.55
Brazil Cruzeiro	6,133-6,166	4,830-4,840	Denmark	13.79-13.93
Finland Markka	8.0485-8.0770	6.3350-6.3380	France	11.70-11.82
Greek Drachma	166.62-170.36	130.82-133.57	Germany	3.84-3.89
HongKong Dollar	9.9075-9.9275	7.7770-7.7790	Italy	2450-2490
Iran Rial	118.10*	91.80*	Japan	315-319
KuwaitDinar(KD)	0.3835-0.3845	0.30105-0.30115	Netherlands	4.35-4.40
Luxembourg Fr	77.20-77.30	61.65-61.75	Norway	11.10-11.22
Malaysia Dollar	3.1370-3.1470	2.4625-2.4725	Portugal	212-221
New Zealand Dlr	2.7800-2.8100	2.1980-2.2000	Spain	209-218
Saudi Arab Riyal	4.6000-4.6100	3.6090-3.6100	Sweden	11.20-11.31
Singapore Dollar	2.7960-2.8060	2.1950-2.2050	Switzerland	3.18-3.21
Sth African Rand	2.4100-2.4265	1.9140-1.9195	United States	1.25-1.28
U.A.E. Dirham	4.6780-4.6880	3.6720-3.6730	Yugoslavia	310-363

* Selling rate.

CURRENCY MOVEMENTS

Apr. 23	Bank of England Index	Morgan Guaranty Change %
Sterling	78.8	−11.2
U.S. dollar	144.9	+30.8
Canadian dollar	88.5	−6.1
Austrian schilling	112.3	+3.8
Belgian franc	99.4	−10.7
Danish Kroner	77.8	−5.4
Deutsche mark	122.1	+6.5
Swiss franc	142.2	+9.0
Guilder	112.2	+2.7
French franc	65.1	−15.6
Lira	45.4	−18.9
Yen	155.6	+12.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.785432	0.580121
U.S. $	8	0.998677	0.738784
Canadian $	9.75	*	1.00179
Austria Sch.	4½	21.2766	15.7287
Belgian Fr	11	61.1590	45.1102
Danish Kr	7	10.8706	8.04684
Dmark	4½	3.03049	2.23704
Guilder	5½	3.43095	2.53255
French Fr	9½	9.25524	6.82858
Lira	15½	1938.93	1431.76
Yen	5	248.471	183.403
Norway Kr.	8	8.77338	6.48653
Span'h Pta.	—	169.376	125.224
Swedish K	9	8.82980	6.53270
Swiss Fr.	4	2.50918	1.84695
Greek Dr'ch	20½	131.611	97.5195
Irish Punt	13¾	0.965306	0.714837

* C$/SDR rate for April 23: 1.35739

EXCHANGE CROSS RATES

April 23	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.252	3.845	312.3	11.72	3.193	4.350	2454.	1.703	77.25
U.S. Dollar	0.799	1.	3.072	249.7	9.365	2.548	3.473	1960.	1.360	61.70
Deutschemark	0.260	0.326	1.	81.21	3.048	0.830	1.131	638.2	0.443	20.09
Japanese Yen 1,000	3.203	4.010	12.31	1000.	37.53	10.22	13.93	7859.	5.452	247.4
French Franc 10	0.853	1.068	3.281	266.4	10.	2.724	3.712	2094.	1.453	65.91
Swiss Franc	0.313	0.392	1.204	97.81	3.671	1.	1.363	768.7	0.533	24.20
Dutch Guilder	0.230	0.288	0.884	71.78	2.694	0.734	1.	564.1	0.391	17.76
Italian Lira 1000	0.407	0.510	1.567	127.2	4.776	1.301	1.773	1000.	0.694	31.48
Canadian Dollar	0.587	0.735	2.258	183.4	6.884	1.875	2.555	1441.	1.	45.37
Belgian Franc 100	1.294	1.621	4.977	404.2	15.17	4.133	5.631	3177.	2.204	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13¼-13⅜	8⅛-8¼	9½-9¾	6⅝-6¾	1-1¼	5½-5⅝	10⅛-10½	12½-13½	10¼-10¾	9⅝-9⅞	5 11/16-6 1/16	9½-10
7 day's notice	13⅛-13⅜	8 3/16-8 5/16	9½-9¾	6⅝-6¾	12⅛-12⅝	5⅝-5¾	10⅛-10½	11½-12½	9½-10	9¾-10	6⅛-6¼	9½-10
Month	12⅞-13	8 5/16-8 7/16	9 7/16-9 11/16	6⅝-6¾	5-5⅛	5 7/16-5 11/16	10 5/16-10 9/16	12⅝-13⅛	9¼-9¾	9¾-10	6⅛-6¼	9⅝-9⅞
Three months	12½-12⅝	8⅜-8½	9 5/16-9 9/16	6 7/16-6 11/16	5 5/16-5 9/16	5 5/16-5 9/16	10⅝-10¾	13⅛-13⅝	9½-10	9¾-10	6¼-6⅝	9½-10
Six months	12 7/16-12 9/16	8 9/16-8 11/16	9¾-9 15/16	6 7/16-6 11/16	5¼-5⅝	5⅞-6	10¾-10⅞	13¾-14⅛	9½-10	9¾-10	6 5/16-6 7/16	9¾-10¼
One year	11⅝-11¾	9 3/16-9 7/16	10 1/16-10 5/16	6¾-6⅞	5¼-5⅝	6 1/16-6 5/16	10⅞-11⅛	13⅝-14⅛	9¾-10¼	10-10¼	6 5/16-6 9/16	10-10½

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8⅛-8¼ per cent; one month 8⅛-8¼ per cent; three months 8⅜-8½ per cent; six months 8⅝-8¾ per cent; one year 9¼-9⅜ per cent. Long-term Eurodollars: two years 10⅜-10⅝ per cent; three years 10¾-11 per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates slightly firmer

Interest rates were a little firmer in dull trading on the London money market yesterday. Trading was described as slightly edgy, due to the weaker trend of sterling against the dollar on the foreign exchanges. Three-month interbank closed at 12 7/16-12 9/16 per cent, compared with 12¼-12⅜ per cent, around the present lowest level for clearing bank base rates, as the recovery of the dollar has tended to dispel any hopes of another early cut in base rates. Discount houses buying rates for three-month bank bills fell to 11 13/16-11 11/16 per cent from 12 3/32-12¼ per cent.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

The Bank of England forecast a money market shortage of £750m, and provided total assistance on the day of £717m. An early round of help was offered, and at that time the authorities bought £230m bills, including £111m outright, by way of £81m bank bills in band 1 (up to 14 days maturity) at 12⅜ per cent; £10m bank bills in band 2 (15-33 days) at 12¼ per cent; and £20m bank bills in band 3 (34-63 days) at 12⅛ per cent. Another £119m bills were purchased for resale to the market on May 20 at 12⅜ per cent. Before lunch further assistance of £200m was given. A total of £98m bills were bought outright, through £15m bank bills in band 1 at 12⅜ per cent; £19m bank bills in band 2 at 12¼ per cent; £10m bank bils in band 3 at 12⅛ per cent; and £54m bank bills in band 4 (64-91 days) at 12 per cent.

Another £102m bills were purchased for resale to the market on May 20 at 12¼ per cent.

In the afternoon help of £247m was given, including £120m outright, by way of £66m bank bills in band 1 at 12⅜ per cent, and £54m bank bills in band 2 at 12¼ per cent. A further £127m bills were bought for resale on May 20 at 12¼ per cent.

Late assistance of £40m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £107m, with the unwinding of repurchase agreements absorbing £264m; Exchequer transactions £440m; and bank balances below target another £35m. These outweighed a fall in the note circulation adding £75m to liquidity.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 23 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-13½	13⅛-13¼	13¼-13½	12-13⅛	—	—	—	—	—
2 days notice	—	—	13⅛-13¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	13-13⅛	13⅛-13¼	13¼-13½	12⅞-13	—	—	—	—	—
One month	12⅞-12¾	12 13/16-12 11/16	12⅝-12¾	13⅛	12½	12 11/16	12½	12⅛	12¼-12⅜	12 13/16
Two months	12 9/16-12 7/16	12½-12 7/16	12½-12⅝	12⅝	12⅛	12	11¾	12 1/16-12⅛	12-12 1/16	12 11/16
Three months	12 9/16-12 7/16	12 9/16-12 7/16	12⅛-12¼	12⅝	11⅞	11 13/16	11 11/16	11 13/16-11 11/16	11 13/16-11 11/16	12 7/16
Six months	11¾-11⅝	11 13/16-12 1/16	11¾-11⅞	—	—	—	—	11 11/16-11 9/16	11⅛	11 13/16
Nine months	11 13/16-11 11/16	11 13/16-11 11/16	—	—	—	—	—	—	—	—
One year	11 13/16-11 11/16	11 11/16-11¾	11 9/16-11 7/16	—	—	—	—	—	—	—

MONEY RATES

April 23	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.6-5.8	10⅛	1⅜-1⅝	6⅛-6⅝	5.78125	15¼-16⅝	7.16	12¾-13
One month	5.65-5.80	10 7/16-10 9/16	5-5⅛	6⅝-6¾	6.21875	14⅝-15	9¾-10	12⅞-13⅛
Two months	5.70-5.85	10 7/16-10 9/16	—	—	—	—	—	12⅞-13⅛
Three months	5.80-5.95	10 7/16-10 9/16	5 1/16-5 3/16	6¾-6 13/16	6.28125	15-15⅝	9¾-10	12¾-13
Six months	5.90-6.05	10⅝-10¾	—	6 11/16-6 13/16	—	—	9¾-10	12⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10½	—	6⅞	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13⅛-13⅛	—	12 13/16	8.15-8.25	8⅛-8¼	9 3/16-9½
Two months	13⅛-12¾	—	12 11/16	8.2-8.3	8 3/16-8 5/16	9⅝-9 11/16
Three months	12⅞-12½	—	12½	8.3-8.4	8 5/16-8 7/16	9 7/16-9⅝
Six months	12⅝-12	—	12⅛	8.45-8.55	8 7/16-8 9/16	9½-9 11/16
Nine months	12¼-11⅞	—	11⅞	8.85-8.95	—	—
One year	12-11⅝	—	11¾	9.1-9.2	8⅝-8⅞	9 13/16-9 15/16
Two years	—	11⅛-11¼	—	—	—	—
Three years	—	11⅛-11¼	—	—	—	—
Four years	—	11⅛-11¼	—	—	—	—
Five years	—	11⅛-11¼	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. London Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.5647 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent; one-three months 12½ per cent; three-six months 12 per cent; six months 11¾ per cent; nine-12 months 11½ per cent. Under £100,000 11 per cent from April 22. Deposits held under Series 5 11½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 23)

Three months U.S. dollars

bid 8 5/8	offer 8 1/2

Six months U.S. dollars

bid 8 11/16	offer 8 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Life group to invest in Coventry Cable

EQUITY AND LAW LIFE Assurance Society has decided "in principle" to acquire a minority shareholding stake in Coventry Cable from the cable TV company's majority shareholders, Thorn EMI Cable Television.

The acquisition will involve a purchase of 9 per cent of the 60 per cent shares held by Thorn EMI Cable Television. The other shareholding interests of British Telecom with 25 per cent and Courier Press (Holdings) with 15 per cent equities each will not be affected by the arrangement.

FINANCIAL FUTURES

Dull trading

Interest rate futures weakened on the London International Financial Futures exchange yesterday, as dollar denominated contracts showed a lacklustre performance, despite some encouraging economic statistics, and sterling denominated contracts lost ground in reaction to the decline of the pound against the dollar on the foreign exchanges. June Eurodollars opened unchanged at 91.19, in spite of a higher level in Chicago overnight. Dealers suggested there is a general support level around 91.10, which was the lowest level touched during the day, but the contract also struggles around 91.30, with 91.23 the best level reached yesterday. The selling down to 91.10 came just before publication of U.S. consumer prices and durable goods orders for March.

The rise of 0.5 per cent in consumer price inflation was in line with expectations, but the sharp fall of 2.3 per cent in durable goods was a surprise and led to renewed buying, on continued speculation about easier Federal Reserve monetary policy in the face of an economic slowdown.

U.S. Treasury bond futures were dull, with dealers describing the market as sitting on the fence ahead of today's two-year note auction.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.15	91.23	91.10	91.19
Sept	90.54	90.62	90.54	90.60
Dec	90.04	90.12	90.07	90.10
March	89.62	89.70	89.62	89.68
June	89.27	89.30	89.25	89.33

Est volume 5,247 (6,763)
Previous day's open int 17,927 (17,827)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	88.31	88.51	88.30	88.52
Sept	89.01	89.18	89.01	89.20
Dec	89.17	89.25	89.17	89.33
March	89.20	—	—	89.33
June	89.20	—	—	89.30

Est volume 1,834 (2,743)
Previous day's open int 6,368 (6,368)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	107-07	107-19	107-06	107-15
Sept	110-23	—	—	110-31
Dec	110-25	—	—	111-01
March	110-14	—	—	110-22

Est volume 2,510 (2,412)
Previous day's open int 3,164 (3,164)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2550	1.2720	1.2550	1.2760
Sept	1.2465	1.2600	1.2465	1.2680
Dec	1.2420	1.2550	1.2420	1.2635

Est volume 797 (1,085)
Previous day's open int 6,897 (6,897)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3280	0.3337	0.3278	0.3343
Sept	0.3303	—	—	0.3367

Est volume 184 (102)
Previous day's open int 276 (276)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3968	—	—	0.4039

Est volume nil (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4023	—	—	0.4038
Sept	0.4047	—	—	0.4062

Est volume nil (1)
Previous day's open int 368 (368)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	128.55	129.00	128.50	129.85
Sept	129.25	129.25	129.20	130.35

Est volume 348 (194)
Previous day's open int 1,037 (1,037)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-27	72-08	71-27	71-29
Sept	70-26	71-00	70-26	70-27

Est volume 1,430 (2,295)
Previous day's open int 2,950 (2,950)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	71-27	72-02	71-27	72-07
Sept	70-26	71-00	70-26	71-05
Dec	69-28	70-01	69-28	70-07
March	69-03	69-06	69-03	69-12
June	68-11	68-13	68-11	68-20
Sept	67-22	67-25	67-22	67-31
Dec	67-04	67-08	67-04	67-12
March	—	—	—	66-27
June	—	—	—	66-11
Sept	—	—	—	—
Dec	—	—	—	65-16

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.13	92.17	92.07	92.20
Sept	91.65	91.67	91.60	91.72
Dec	91.22	91.23	91.21	91.29
March	90.85	90.87	90.85	90.92
June	90.56	—	90.56	90.62
Sept	90.32	—	90.32	90.38
Dec	90.08	—	90.08	90.11
March	89.89	—	89.89	89.92

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.50	91.57	91.49	91.62
Sept	90.91	90.95	90.91	91.02
Dec	90.42	90.43	90.42	90.51
March	90.01	90.01	90.00	90.09

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.14	91.21	91.13	91.25
Sept	90.53	90.62	90.52	90.65
Dec	90.03	90.08	90.03	90.14
March	89.63	89.66	89.63	89.72
June	89.28	89.29	89.28	89.37
Sept	88.99	88.99	88.98	89.06
Dec	88.73	—	88.73	88.78
March	88.47	88.47	88.47	88.52

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2570	1.2745	1.2560	1.2645
Sept	1.2500	1.2680	1.2475	1.2565
Dec	1.2435	1.2650	1.2435	1.2530
March	—	—	—	1.2285
June	—	—	—	—
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	70-05	70-08	70-05	70-08
Sept	—	—	—	69-17
Dec	—	—	—	68-29
June	—	—	—	67-27
Sept	—	—	—	67-13

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 23.

OVER-THE-COUNTER

Continued from Page 30

Indices

NEW YORK

CAPITAL MARKETS

Cool reception for tightly-priced Eurobond issues

BY MAGGIE URRY IN LONDON

MORE TIGHTLY priced Eurobond issues were launched yesterday, despite a clearly unreceptive market.

Credit Suisse First Boston launched a $100m issue for Tokai Asia, guaranteed by Tokai Bank, the sixth largest Japanese city bank. The terms – a 10-year life with a 11½ per cent coupon and par issue price – were almost identical to the recent issue from IBJ. That issuer is a better name, and its issue was made direct from Japan, meaning that it is more attractive to Japanese investors. This deal comes at a cost to Tokai of around 40 basis points over U.S. Treasury bonds – a spread seen as too low.

Also finely priced was a C$75m issue for the province of New Brunswick, led by Wood Gundy. The terms were set at a 10 year life and a 11¾ per cent coupon – down from recent rates of around 12 per cent – with a par issue price. There is a smaller overhang of paper in this sector, however, than in the U.S. dollar Eurobond market.

Eurodollar bonds firmed yesterday morning but fell back again when the New York market opened weaker, despite economic statistics which should encourage hopes of lower interest rates. Prices in Europe fell by up to ¼ point.

Yamaichi International set the terms on its $25m issue with equity warrants for Yamamura Glass as indicated at a 8¼ per cent coupon. The warrants buy into the shares at a price of Y588 compared with the previous closing price of Y580.

Restaurant Seibu, the Japanese catering chain, launched convertible issues in both dollars and Swiss francs. The $25m deal, led by Nippon Kangyo Kakumaru (Europe), has a 15-year life and indicated 3¾ per cent coupon. The SwFr 50m issue has a five-year maturity and the indicated yield is 1⅞ per cent. UBS is lead manager.

BHF Bank bond average		
April 23		Previous
101.966		101.838
High	1985	Low
102.960		99.840

UBS indicated terms for a SwFr 100m public issue for Japan Development Bank. This will be guaranteed by Japan, so enabling a yield of ⅝ per cent to be suggested, lower than recent issues. The bonds will mature in 1995.

Trading in Swiss franc foreign bonds was mixed and traders noted increasing demand from abroad. The TransCanada Pipelines issue started trading yesterday, closing at 100 compared with its 99¾ issue price. The coupon is 5¾ per cent.

In the D-Mark bond market turnover was low and prices moved slightly higher where changed.

Portugal made its first fixed-rate bond issue since 1965, tapping the D-Mark market for DM 150m through Commerzbank. The issue is the country's first D-Mark deal. The bonds have a seven-year life and the coupon was fixed at 7¾ per cent, with a 99½ issue price. Trading just within its 1½ per cent selling concession, the bonds yield around 8 per cent – which should attract some demand.

● Hill Samuel has appointed Mr John Kibble as a new director in charge of its expanding bond sales operation. Mr Kibble has resigned from Samuel Montagu after 17 years with the bank, latterly as assistant director.

SECTION IV

FINANCIAL TIMES SURVEY

Insurance and Insurance Broking

The emergence of the megabroker will be a feature of the 1980s. To compete with these groups that have formed links in the U.S., London brokers will be forced to seek similar mergers or form alliances within their own market.

Realignment set to gather momentum

By John Moore, City Correspondent

ONE OF the most extensive changes in the structure of the *international insurance broking* community and its business cycle is under way. Not since the late 1970s have the brokers seen such realignments among the *major groups.*

At the same time a significant turnround in key areas of the brokers' business, which have been depressed for some time, is now taking place.

In the last few months Alexander and Alexander Services, the world's second largest broker, announced that it was planning to merge with Reed Stenhouse, the Canadian broker which ranks seventh in the world league.

More recently, Sedgwick Group, Britain's largest independent broker, announced that it was planning to merge with Fred S. James, the U.S. broker which ranks *sixth among* the world's intermediaries.

This regrouping of the buyers of insurance has been largely influenced by the state of the world's insurance markets. Since the late seventies the world's insurance underwriting cycle has been locked onto a downward course.

Insurance companies operating in the important U.S. market, which accounts for about half of the world's total insurance premium of around $500bn, have experienced unprecedented competition.

Rate-cutting on premiums has been severe at a time when business growth has been sluggish. *Results* deteriorated. *In* 1983 the combined operating ratio in the U.S. (claims and expenses as a percentage of premium income) reached 111.9, a new low point—and the worst underwriting results since the San Francisco earthquake and fire of 1906 were recorded. In 1984 that position had deteriorated even further, with a combined ratio of about 117 recorded.

Now there are signs of big changes. While the overall soft market conditions on the direct insurance side are showing only some signs of hardening there is a major shortage of underwriting capacity in the reinsurance market.

Poor underwriting experience among those groups which assume the risks that direct insurers do not wish to retain has led many of these groups to cut back on their business volumes and reduce their exposures on certain portfolios, such as *liability business.*

With capacity shrinking in the U.S. particularly in the reinsurance market, a fundamental change took place in the London insurance market in December of last year. Rates on reinsurance business rose sharply.

A number of major brokers saw brokerage accounts in the London market grow at over 20 per cent, according to stockbrokers Simon and Coates. Business which had been retained *for some years in the U.S.* market was once again flowing to London.

With capacity shrinking in the reinsurance market and conditions remaining competitive in the direct insurance community, the insurance broker has come under pressure from several directions. In the U.S., insurance companies facing costs pressures while conditions are competitive have been re-evaluating their distribution systems. They are questioning whether it is worthwhile dealing with smaller brokers in terms of overall cost.

Already, the number of independent agents is shrinking. Whereas two years ago there were around 40,000 independent agencies operating in the U.S., that number is thought to be *down by up to 20 per cent* today. In five to seven years' time U.S. professional associations feel that that number could be down to around 20,000. Those that remain are likely to become tied agents to major insurance companies.

The underwriting cycle has already had a considerable impact on brokers' earnings. Brokers are remunerated by commissions paid for by the insurance companies with whom they place their business. With premium rates sliding, commissions calculated as a percentage of the premiums, have slid with the fall in rates.

To a large extent brokers have been cushioned by high interest rates which have allowed them to generate substantial revenue on their cash flows. The UK broker has also gained from the weakness of sterling since a substantial part of the large broker's revenue *is generated in dollars.*

But now all brokers face other problems. The contraction in reinsurance capacity, particularly on the large "catastrophe" type covers such as liability business, has meant that the brokers have found great difficulty in completing their placements of contracts for clients. Those brokers of size, who can use the weight of their overall account as placing clout, have gained while the smaller brokers have been under intense pressure.

Moreover, even those brokers which have exclusive access to the Lloyd's insurance market have also been under pressure in the past few months. Lloyd's own ability to take on business has been affected by currency movements.

During the last renewal season, when insurance contracts are rated for the coming year, the dollar strengthened *against the pound to such an* extent that the business volumes of the Lloyd's market showed a vast expansion. Underwriters found themselves bumping up *against their premium income* limits and were forced to turn business away.

Lloyd's brokers had to look beyond the walls of Lime Street to complete their placements in a reinsurance market which was shrinking.

The small Lloyd's broker, which would otherwise have found some protection through its exclusive access with Lloyd's, had to fight for position in the wider insurance and reinsurance markets with the bigger groups.

The independent London-based brokers found that their business has been affected by other factors. Lloyd's brokers, who have had exclusive access to the Lloyd's market, have discovered that their competitive *edge has been eroded substan*tially over the past seven years.

Before 1978, Lloyd's brokers enjoyed rich pickings from the U.S. market. When insurance capacity contracted *in the U.S.* in the early 1970s, as insurance companies' reserves crumbled with falling stock market values, large lines of business were laid off in London in reinsurance.

The business was channelled through the Lloyd's brokers by the big U.S. brokers who were looking for comprehensive reinsurance protection for their company clients in the international markets.

Lloyd's brokers reinsured their business into the Lloyds market and then in turn reinsured Lloyd's underwriters on the same line of business in the international reinsurance markets. Lloyd's brokers were able to earn commissions many times over on one account, by *comparison* with their U.S. counterpart who was less likely generate revenues in the same way on his business, largely because of the lack of a fully *developed international* network.

The London broker with connections at Lloyd's is better placed than its U.S. counterpart in other ways. Despite the problems surrounding individual broking firms in the last few years Lloyd's maintains it dominant market position in marine insurance business and together with London insurance companies insures around 40 per cent of the world's shipping fleets.

The market is strictly controlled and rates are held to economic levels through market *agreements no matter what* competitive pressures are at work. This provides the London broker with a steady bedrock of earnings at a time when other parts of his business may be hit by other market forces.

The U.S. brokers saw that if they were to maximise the revenue possibilities on their accounts they needed to forge strong links with the London market and the Lloyd's brokers in order to gain access to the Lloyd's market. *The top six* U.S. brokers have strong links with the London market, through their own acquisitions

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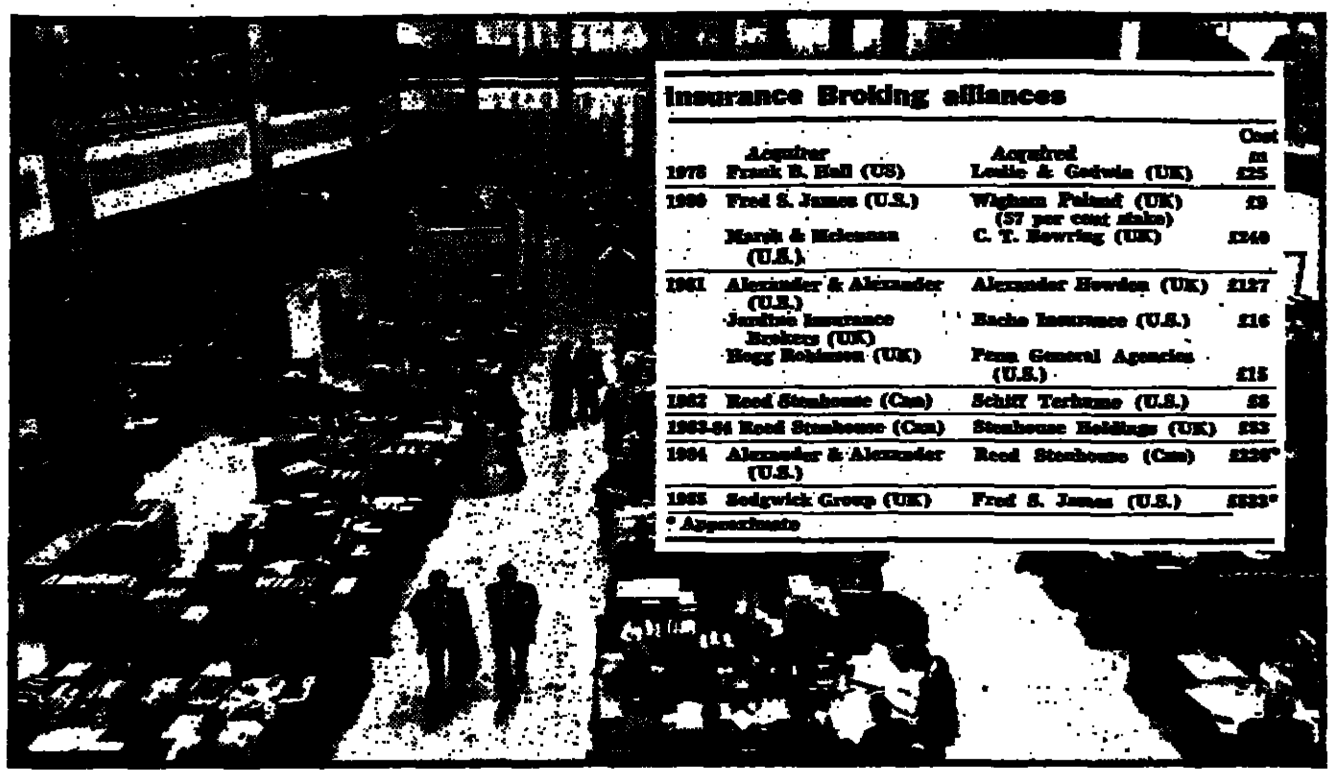


Insurance Broking alliances

	Acquirer	Acquired	Cost £m
1978	Frank B. Hall (US)	Leslie & Godwin (UK)	£25
1980	Fred S. James (U.S.)	Wigham Poland (UK) (57 per cent stake)	£9
	Marsh & McLennan (U.S.)	C. T. Bowring (UK)	£240
1981	Alexander & Alexander (U.S.)	Alexander Howden (UK)	£127
	Jardine Insurance Brokers (UK)	Bache Insurance (U.S.)	£16
	Hogg Robinson (UK)	Penn General Agencies (U.S.)	£15
1982	Reed Stenhouse (Can)	Schiff Terhune (U.S.)	£8
1983-84	Reed Stenhouse (Can)	Stenhouse Holdings (UK)	£83
1984	Alexander & Alexander (U.S.)	Reed Stenhouse (Can)	£230*
1985	Sedgwick Group (UK)	Fred S. James (U.S.)	£633*

* Approximate

CONTENTS

Trading relationships transformed

The Alliances

CHRIS MORRISON

THE PROCESS of major re-alignment in the international broking community continues with two further deals announced in the past few months. On April 2 the largest broker in Britain, the Sedgwick group, finally found an American partner and announced a proposed £530m merger with Fred S. James.

About the same time Alexander and Alexander of New York disclosed that its own discussions with the Canadian broker Reed Stenhouse had run into some difficulties although it still expects to complete a merger which was first signalled last December.

These two deals are the latest in a line of international broking link-ups that have transformed trading relationships, in particular between North America and London, the two largest insurance markets in the world.

The development is only a few years old since until recently the Lloyd's insurance market authorities in London prohibited any foreign broker taking a significant stake in one of its own business producers.

The Americans, who account for around half the world's supply of non-life insurance premiums, were unable to place business at Lloyd's, a major world insurance market, unless they agreed to share some of their commission with a Lloyd's designated British intermediary.

The restriction eventually went in the late 1970s when Lloyd's backed down in the face of heavy U.S. pressure and the megabroker deals started with the world's number one, Marsh & McLennan of New York, buying out its former close partner, C. T. Bowring of London.

Formal links involving the major American brokers, who had largely outgrown their own domestic markets and were hungry for overseas expansion, and the British brokers, who rely on large amounts of foreign business to provide growth in the London commercial insurance market, have continued ever since.

The trend towards ever larger broking units has been fuelled in part by the increasingly international nature of the insurance business. Multinational companies rely on global risk management programmes and any serious broking player who wants to service these requirements needs to create a worldwide network.

While the logic behind these transatlantic broking marriages has often been strong, the process has been beneficial for some, traumatic for others. M & M's acquisition of C. T. Bowring, after the problems of a hostile bid, was a considerable coup and the deal in fact largely paid for itself after the New Yorkers sold off the London broker's non-broking assets. But for its long-time American rival, Alexander & Alexander, the purchase of a London broking company, Alexander Howden, proved to be a disaster from which it has still not recovered.

Considerable irregularities were discovered at Howden within months of the sale while the underwriting side of this operation must have seemed to A & A at times like a bottomless pit.

Nevertheless, seemingly undeterred by its unhappy first experience, A&A recently announced another major combination with Reed Stenhouse which is designed to boost its representation in a number of overseas locations, particularly Canada and Australia. Although the discussions between the two companies have hit a number of problems recently, there are still said to be hopes on both sides that the deal can be signed in the near future.

In an increasingly competitive broking climate direct representation in foreign territories ensures a portfolio of business for the parent company. With its former business flows from the largest U.S. brokers being increasingly diverted into their own London subsidiaries, Sedgwick must have been uncomfortably aware of gathering competitive pressures. The recent loss of key staff in its North American department to Howden must also have concentrated its mind.

For the reasonable size London broker without a transatlantic link, life is undoubtedly becoming more uncomfortable. Although less formal "correspondent" links are common across the Atlantic, the latest mergers will put more pressure on those brokers without corporate attachments and there could be further deals as a result.

The correspondent links, under which brokers arrange, if necessary, to push their own business through each others' channels, can be very close as in the case of Willis Faber and the privately-owned U.S. broker Johnson & Higgins. But the other links under which some of the medium-sized intermediaries collect business are les formal and more subject to sudden changes of corporate policy.

Further major deals are always a possibility but the near future could see a period of consolidation as the larger brokers seek to protect their world rankings and fill in those gaps where they feel most at risk from the competition. Bid speculation is likely to linger because a number of the medium-sized London brokers such as C. E. Heath, Hogg Robinson and Stewart Wrightson remain independent.

At the other end of the scale there is no shortage of new insurance broker start-ups, particularly since experienced intermediaries are often disaffected or displaced by a large scale merger. This process could start over again when Sedgwick takes control of Wigham Poland, the London broker subsidiary of Fred S. James. Many of these smaller brokers seek to expand and prosper by offering more "specialised" services and expertise, which they often suggest are not available or are neglected in much larger organisations.

It is perhaps the middle order of brokers who face the hardest time over the next few years. Too small to make a significant and costly acquisition and to handle some of the large industrial insurance accounts, and too large to play the specialisation card, they could find themselves running very hard just to stay with the pack.

Their dilemma was illustrated recently by the new chief executive at Bain Dawes, Mr Simon Arnold, who admitted that increasing a retail organisation overseas was an "expensive business." Interviewed in the company's house newspaper he went on to express the view that the company would be better off striking up trading relationships with other brokers.

On an optimistic note he suggested that the only U.S. brokers who might use their London connections to place all their business were M&M and Johnson & Higgins. "After these brokers there are ample pickings for the expert and alert broker—that's where we must come in."

A tough renewal season in less receptive market

UK Brokers

JOHN MOORE

BRITISH INSURANCE brokers have faced one of the toughest renewal seasons in years. Insurance business which brokers have for the last seven years or so found easy to place has not found such a receptive market.

An important part of the large British brokers operations is accounted for by reinsurance business. Through their Lloyd's connections and their strong international networks the British brokers ensure that the risks of the direct insurance companies are distributed across numerous markets in a way which provides some stability in the insurance community worldwide.

Like the direct insurers the reinsurance community has also faced intensely competitive conditions which have led them to cut their rates. But in the last two years there has been a change in the business cycle. Reinsurance capacity is drying up in the U.S. market as those groups which have sustained heavy underwriting losses are reducing their exposures and portfolios of business.

Liability business

Moreover, there has been a heavy demand for reinsurance cover, particularly on lines of liability business. Business flows from the U.S. market have risen sharply. Some insurance analysts reckon that brokerage accounts have grown at over 20 per cent.

According to Mr John Barton, chief executive of Jardine Insurance Brokers, 1984 "was traumatic to say the least. Rates have gone up and markets have disappeared. This makes our job more difficult. While a better market place is created there is pressure on the less professional brokers and the smaller brokers who do not have the placing power."

The Lloyd's brokers have faced a particularly challenging time. Busines volumes going into the Lloyd's market have been expanded by currency movements. Lloyd's transacts around two-thirds of its business in dollars but is still a sterling based market.

The strengthening dollar in the earlier part of the year meant that business volumes jumped sharply at Lloyd's once the U.S. lines of business were converted into sterling.: Lloyd's underwriters bumped against their premium income limits in the market and business had to be turned away. London brokers had to find other homes for business at a time when capacity was contracting elsewhere.

At the same time the London marine insurance market is under attack from increased competition. Mutual clubs formed with the participation of shipowners, who insure each other on a mutual basis, are making some inroads. Three large U.S. container fleets switched their accounts to the Swedish Club from the London and U.S. markets.

Combating

The Institute of London Underwriters, representing more than 100 insurance companies operating in the London market, said earlier this year "we have to find an effective means of combating this development beyond trying to restrict the clubs' reinsurance market, which has met with little success."

There is still plenty of reinsurance capacity for marine risks. The Lloyd's and the companies market's attempts to deter the clubs' acceptance of business by collectively raising rates in the reinsurance market on any business offered to it by the clubs has failed.

With some £1.5bn in marine insurance premiums London insurers carry the risks of about 40 per cent of the world's fleets so the new aggression of the mutual has alarmed the London community. And any loss of business could mean that the brokers lose out on the opportunity to arrange reinsurance protections on marine accounts for Lloyd's underwriters.

The other worry for the UK broker is the often doubtful security of the world's reinsurance markets. The recent troubles of the Insurance Corporation of Ireland and its London office sent tremors through the London broking community.

As capacity withdraws the brokers face a stream of bad and doubtful debts which will have to be absorbed on their own accounts. In the coming weeks and months these items are likely to figure prominently in the accounts of major brokers.

Realignment

CONTINUED FROM PAGE 1

of Lloyd's brokers, shareholding links or a strong mutual trading understanding.

Against this background, the exclusive access to the Lloyd's market of the London-based brokers is crumbling. Those U.S. groups which have placed their business through Lloyd's brokers are now switching their accounts to companies which they directly control in the Lloyd's market.

The British broker in turn is seeking to protect his position in other ways. More than ever the British broker is under pressure to ensure that his offices are as close to his major clients as possible.

Brokers, such as Sedgwick, have realised that they need to have a major presence in the U.S. market in order to retain their accounts and prevent their being poached by rivals in more competitive markets. That is why Sedgwick is embarking on its present merger.

The latest trends in the community were summed up by Mr Richard Page, president and chief executive of Fred S. James. "I believe that our industry is in a state of flux. We are beginning to see a polarisation where the big brokers are getting bigger and better, the small brokers are getting smaller, and the in between group is disappearing."

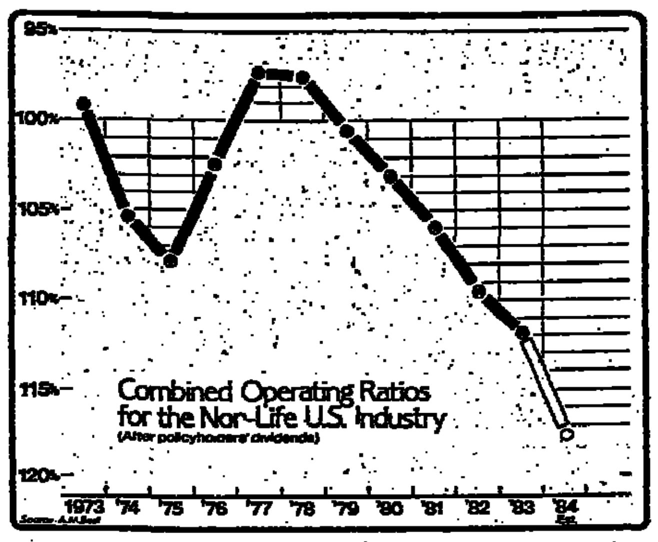
As the large brokers grow larger through mergers so the middle range groups ae considering regrouping in order to maintain their position. The emergence of the megabroker will be one of the features of the 1980s, in which groups are development which are handling more premium income than an individual large insurance company.

As London brokers become more vulnerable to competition from those groups which have accomplished U.S. link-ups so they will be forced to merge in their own market or seek a U.S. link. Those realignments are likely to accelerate in the coming year.

A strong recovery forecast

U.S. Brokers

WILLIAM HALL



Combined Operating Ratios for the Non-Life U.S. Industry (After policyholders' dividends)

THREE out of the top four U.S. insurance brokers have recently reported hefty losses for 1984 and even Marsh & Mclennan, the industry leader, reported a more than one third profit decline. It therefore, might seem hard to believe that the U.S. broking industry is experiencing a sharp turnaround in its profitability.

Wall Street, however, is convinced that in spite of the red ink, America's insurance brokerage community will experience a substantial profits recovery in 1985. Talk among the U.S. brokerage community bears this out.

Insurance rates have been rising rapidly, which is very good news for brokers' commissions, and for the first time for a long while there is talk of a growing shortage of insurance industry capacity.

Mr Bob Clements, president of Marsh & Mclennan, says that rates are rising extremely rapidly and while this makes the financial side of the business look much more healthy, the big U.S. brokers are finding it increasingly difficult to solve clients' risk problems.

As a rough rule of thumb for every \$2 of premiums written, the industry needs to have \$1 in surplus. At the end of 1983 industry capacity was \$65.6bn and written premiums totalled \$109.2m. The industry could have written \$131.1bn in premiums, which meant that there was \$22bn of surplus capacity overhanging the market.

This has now turned around and Mr Daniel McNamara, president of the Insurance Services Office, has estimated that there will be a capacity shortfall of \$7bn in the current year, or 5 per cent of the market, and this will rise to \$23bn in 1986 and \$32bn in 1987.

As a result of the heavy losses in the U.S. insurance industry over the last few years, the amount of available capacity has shrunk and this comes at a time when there has never been greater demand from industry for large amounts of insurance protection, says Mr Clements.

Even unlocking what capacity there is, is proving to be so much more time consuming than before, adds Mr Clements, noting that both he and Mr John Regan, Marsh and Mcclennan's chairman, have had to broke risks into the market.

All of Marsh's senior management is spending a lot of time working on ways to devise new forms of coverage to satisfy both industry and hte underwriters, and ways of attracting new capacity into the market place.

Mr Clements does not see any appreciable improvement this year and believes that 1986 will be even worse. Historically, when this sort of turnaround occurs it takes four years before it turns around again.

Mr Peter Denson, chief financial officer of Alexander & Alexander, the second biggest brokerage firm, echoes Mr Clements sentiments. "We are seeing insurance rate moving up rather dramatically and we expect it to continue for some time," says Mr Densen, who cites reports of a \$60bn shortage of industry capacity over the next few years.

Alexander & Alexander first began to see the rise in rates in the excess and surplus lines area towards the end of last year and it has snowballed since then, says Mr Densen.

This has meant a shift of emphasis for the U.S. brokers. Whereas they had earlier shopped around to get the best and cheapest deal for their clients during the period of excess industry capacity, the ability to complete a clients request for insurance coverage is now the main objective.

This is proving to be particularly difficult in certain areas such as professional liability insurance, third party liability risks and environmental related risks. Against this background, the business is tending to gravitate to the strongest brokers who have the traditional placing power.

Mr Densen agrees with Mr Clements that it will be a few years before the market turns around. Admittedly, there will be some move towards alternative funding mechanisms, such as captive insurance companies, by clients who are unwilling to pay the rapidly rising insurance premiums being demanded by the underwriters, which will temper the upward move in rates, he says. But he believes that it will be three years or more before the recovery in the industry's rate structure will have attracted sufficient capital back into the market to meet the current capacity shortage.

For some of the brokers, the improvement in their returns is long overdue. Alexander and Alexander recently reported a \$67.5m loss for the fourth quarter of 1984. The company, which earned \$57.7m in 1981, lost \$25.8m in 1982 and barely broke even in 1983, before turning in a \$49.6m loss for the 12 months of 1984.

Alexander and Alexander has been hit first by its \$300m takeover of Alexander Howden, which turned sour, and more recent by the need to dispose of its underwriting companies.

Mr John Bogardus, Alexander and Alexander's chairman, says that the withdrawal from underwriting lessens the uncertainty about the company's continuing operations. "The improved operating performance that A and A is experiencing in 1985 gives management added confidence for strengthened bottom line results in the months ahead," he states.

Use of computers set to accelerate

New Technology

ALASTAIR GUILD

COMPUTERISATION in the insurance industry is set to gather momentum this year.

While, in the past, hardware and software manufacturers have fallen over themselves to sell systems to insurers and intermediaries, their claims have not always matched results. However, a number of studies will report in the coming months on the most efficient and cost effective way forward for the industry.

Progress has been slow, until recently. There are some 10,000 general provincial brokers, for example. Only about 10 per cent use computerised systems and the figure for life specialists is nearer 5 per cent. The systems used do not generally carry detailed client or policy records but have developed instead out of accounting packages.

However, the high street broker will soon face much stiffer competition. By next year, building societies will be able to sell a wider range of insurance and the banks are gradually decentralising their insurance operations.

"If the high street broker cannot sell several policies to each client, he will be in difficulty," says Mr Douglas Shillito, director of Insurance Systems Advisors and editor/compiler of *Insurance Computer Systems 1984-85.*

"Micro-based systems can pick out the one-legged, one-eyed dentist from Croydon, with a motor policy, for instance. The broker could use such personal details to sell other policies, including life insurance," he states.

Other micro-computer programs will enable the broker to diversify his product range still further, to include portfolio management, for example.

Software recently launched by Ram Microconsultants will download information from Prestel to enable the broker to administer and advise a larger number of individual investors in unit linked funds. With the aid of a computer, switching of funds can be done on a daily basis if necessary.

Some insurance companies are equipping their own branches with micros to provide quotation and other sales support functions, sometimes passing responsibility to branches for issue of acceptance and policies. Increasingly, life insurance companies are also providing their sales force with portable computers as a sales aid.

A package, developed by Portable Business Systems is used by a number of life companies, such as Canada Life, Sun Life of Canada and Legal and General.

A 48K Sinclair Spectrum home computer, cassette recorder, program tape and manual are provided in an executive briefcase which the insurance representative can take to a client's home.

The PBS system uses graphics, projected on the client's TV set to create an overall financial picture and provide both savings and investment plans. Rates for particular life policies or pension plans are built in to the computer's database so that instant quotes can be given.

Selwell Computers has developed software to run on a Sharp micro computer. Currently used by over 30 brokers and direct sales forces, it does not provide the sophisticated graphics available on the Sinclair Spectrum but is less bulky.

Unlike the PBS system, individual insurance company rates are not built into the programs because, says the company, they use up so much space in the database, space which can otherwise be used to provide additional programs.

Portable

Such portable systems offer an increasingly important sales tool to the travelling insurance salesman. But much of the key to greater efficiency within the insurance industry will lie in the way that brokers and other intermediaries link their office based micro computers with insurance companies' mainframes.

At present, explains Mr Shillito, there is a lot of duplication between brokers and insurers. A broker with his own quotation facility on a micro or the facility to tap into a network will be able to get a quotation far more quickly and without having to rely on the insurance company's branch inspector.

The inspector will now become much more of a marketing man; helping the broker to target insurance products. Increasingly data will be input once only into a computer system, manipulated and disseminated with the minimum of user effort.

Already, some insurance companies have their own internal "networks." Commercial Union gives brokers selling CU life and pension plans access to its mainframe for discovering the status of new policies currently being processed and information on existing policies.

"I see in the next year or so fully electronic processing of the entire life and pension transaction," says Mr Andrew Welling, marketing services manager, Commercial Union.

The client comes to the brokers office, reviews with him, on screen, his current financial position. If he is an existing CU client, the broker calls up details of his policies direct from the mainframe. If he is a new client, the broker presents various alternative strategies, each with detailed costs and implications.

Once a course of action is agreed the broker calls up the mainframe for a quotation. If that is satisfactory, a proposal, on the computer and in paper form can be completed there and then, transmitted and accepted electronically. The CUDOS system runs on the IBM PC.

Bradford Pennine (BP) in the motor trade is the first company to help intermediaries set up their own client and policy records on micros, interlinked with a quotation system. It has been running at eight sites and two significant pilot schemes are close to conclusion, including one with the largest privately owned broking chain in the country.

BP has installed an auto-dialler at its Halifax offices, with communications software to contact each intermediaries office after the close of business and extract relevant BP data. After discussions with a number of private motor insurers, standardised proposal forms, policy schedules, motor certificates and endorsements have been designed. These standards will emerge publically later this year.

Any widescale standardisation of documentation is unlikely to succeed, at least in the short term, according to Mr Shillito. "Insurance companies will want to keep their uniqueness. Not every insurer will want the same proposal form presented to a client. It took 13 years to standardise 15 forms in the U.S. That is the size of the problem."

A number of pilot studies are currently testing ways of providing standards for communication and documentation, on a national scale. The British Insurance Association (BIA) has set up a management panel to consider the development of networks.

An earlier BIA working party has already held discussions with potential suppliers such as IBM and British Telecom. They started pilot schemes early this year. The BT scheme (Mediat) involves nine insurance companies and nearly 100 intermediaries.

The IBM pilot includes a similar number of companies and intermediaries. Some companies are participating in both. Assuming these pilots are successful, it is likely that there will be at least two insurance networks available later in 1985.

The BIA and the Life Offices Association, which merge in June to form the Association of British Insurers, hope to be able to advise member companies before the end of the BT and IBM pilot schemes on "the best way forward."

Collaborative

Last month ICL joined the fray with two collaborative ventures also aimed at providing a national network service. The ICL network will use Open Systems Interconnect Standards so that the broker can use any microcomputer system to send routine information like policy applications or claims to the appropriate insurers.

"The main difference between the ICL and the IBM and BT networks is that ICL will provide more than just a network," says Mr Shillito. "It will integrate network services with broker software. Increasingly application software packages will play a major part at both ends of the network and also in the centre. Manipulation and integration of data in the financial services sector with existing systems will become more important."

Initially, the services offered by ICL will allow high street brokers to obtain up-to-date rates and quotations for motor, general and life policies. Using electronic mail facilities, brokers and underwriters will prepare and transmit correspondence over the network. By the end of this year, this will be extended to the delivery of proposals, processing of claims and mid-term adjustments to policies.

Brokers will be able to enter information in a standard format, leaving the intelligence of the network to re-format the data into the layout acceptable to each insurer.

In future, ICL expects the network to be used for downloading software programs to intermediaries' micros and valuation of portfolios as well as providing access to a growing range of financial information databases.

Mr John Perceval, managing director, Save and Prosper Financial Services, believes that IBM and BT will provide the eventual industry network. Save and Prosper, which last year published a blueprint for a Financial Information Network System (FINS), is participating in both pilots.

"By the time of the full-scale national launch, sufficient protocol converters will have been installed to eliminate, or at least considerably reduce, the problem of machine incompatibility. Most makes of microcomputer with suitable communications software will be able to communicate with any participating life office's main frame."

He expects that a connecting bridge between the two networks will make it immaterial which network the user chooses. There would also be gateways into viewdata services offered by BT and IBM.

The network would be run by an interface company. This company would be owned by the life offices, composite insurance companies and unit trust groups, and negotiate bulk discounts with network providers, set message standards, provide customer support and training and evaluate software. It could also standardise sign-on procedures to enable quicker switching between different information providers.

"The costs of joining the network on a dial-up basis will not exceed £1,000 a year and data transmission costs will almost certainly be borne by the life offices and other information providers.

"Financial institutions will increasingly be judged by intermediaries on the quality of their telecommunications services. Concern has been expressed that because a network enables product comparisons to be made so easily a perfect market could develop in which the top company would get all the business, and everyone else would be ignored.

"In reality this seems unlikely. Product choice is rarely a simple matter of rates alone, and anyway comparisons are quite easily made already. The industry has little to fear from networks and a lot to gain from them. The need to plan for networks now is vital for any company or intermediary wanting to derive the maximum benefit from them."

Insurance and Insurance Broking 4

Sector shrugs off fears over tax relief

UK Life Assurance

ERIC SHORT

JUST OVER a year ago, Mr Nigel Lawson, the Chancellor of the Exchequer, shocked the life assurance world by *suddenly* bringing to an end tax relief on all new life contracts—a relief that had been granted for *more than a century*.

At that time, many commentators within and outside the industry expressed fears over the long-term effect of this body blow to the UK life assurance industry. It was considered a strong possibility that many sources of business would contract, or even dry up.

Twelve months later, it is apparent that, in the short term at least, these fears have been largely groundless. The UK life assurance industry has proved to be remarkably resilient in adapting itself to a new environment.

The new business figures for 1984, issued by the three life associations, showed that life companies operating in the UK are thriving, despite the loss of Life Assurance Premium Relief (LAPR).

First, there has been a switch of marketing effort by both intermediaries and companies *from life to pension products*. Sales of self-employed pension contracts soared last year, with new annual premiums rising over 60 per cent *and single* premiums 40 per cent.

These sales were boosted by fears that pensions were next on Nigel Lawson's hit list for tax reform, fears that proved groundless when he presented this year's Budget.

Many life companies also reported a revival in executive pension sales, reflecting the marketing effort and the economic recovery.

Life companies themselves have born active in redesigning and updating their various individual pension contracts to incorporate the latest developments in flexibility and investment opportunity. Indeed, the ending of LAPR provided the necessary impetus to send companies back to the drawing board and redesign their whole range of life and pension products.

The second feature shown by last year's new businses figures was *that life sales held up* remarkably well in many sectors despite the loss of LAPR.

At one end of the spectrum, industrial life business, contracts with premiums paid weekly or four weekly and collected by agents at the homes of policyholders, showed a sales drop over the year of only 2.5 per cent. After allowing for LAPR, this represents an underlying sales growth of around 10 per cent.

At the other end of the spectrum, linked life sales fell by just 2 per cent. Again much of this business is sold directly by agents to policyholders and has been boosted by yet more traditional life companies moving into the linked sector.

Although no figures are available, the impression from the *industry is that agents of* life companies and direct salesmen have maintained their sales of life contracts, while registered *insurance brokers and other in*dependent intermediaries have switched from life to pension sales.

The sector hardest hit by the loss of LAPR appears to have been traditional ordinary life business, which showed a drop in new annual premiums last year. However, comparisons are somewhat misleading since 1983 saw a boom in this sector with the introduction of MIRAS—the new method of crediting tax relief on mortgage interest.

The ending of LAPR has provided an opportunity for life companies to redesign their products. The designers are finding that there is no longer any need to stick to the previous somewhat rigid rules needed to ensure qualification for the tax relief.

Regular premium life policies still provide tax free benefits if held for at least 10 years before cash-in, provided the qualification rules are observed. But failure to observe the rules only results in a higher-rate tax liability. So life companies are now beginning to design two versions of their contracts—one qualifying for higher rate taxpayers and the other non-qualifying for basic rate taxpayers. The latter offers more flexibility over payment of premium and cash-in of benefits.

London and Manchester Group has recently launched a new whole life contract in two versions. No doubt others are *on the market or will shortly* follow.

Life companies in the UK are very much in the centre of the heralded financial services revolution, the first rumblings of which are now being heard. The objective of providing the public with a whole range of financial services—banking, savings, mortgages, pensions and insurance—under one organisation has been an accepted practice in the U.S. for some time.

Here the various financial institutions are still considering whether to enter this new field and if so which way to do it.

Two different approaches are *highlighted by the actions taken* by Britain's two largest linked life companies. Hambro Life to be renamed Allied Dunbar under *Mark Weinberg* has designed its financial services package around its life operations, its *unit trust subsidiary* and its banking subsidiary Dunbar and markets it through its agency force.

Abbey *Life under Michael* Hepher has adopted the view that life companies should "stick to their knitting" and provide a service *through links* with other institutions. It has linked up with Nationwide Building Society, Britain's third largest, in *providing* index-linked self-employed pension contracts.

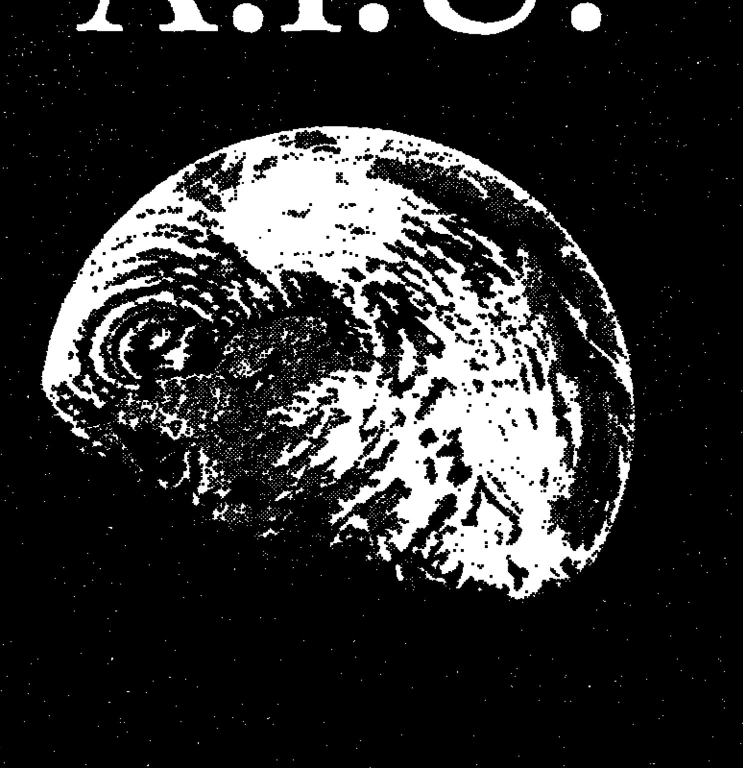
The whole pattern of marketing of life and pension products has undergone changes over the past few years and even more changes are likely over the next few years.

The most dramatic change has been the emergence of building societies as a major seller of personal insurances—life and non-life.

Building societies are now a *main supplier* of traditional life business through promoting the endowment method of repaying a mortgage using a low cost *with-profits* endowment contract. The loss of LAPR only resulted in a slight drop in sales. Now around 50 per cent *of mortgages use low cost* endowments for repayment compared with around 60 per cent when LAPR was available.

The intermediary role of building societies will be further boosted under the Green Paper reforms which envisage societies offering a full insurance intermediary service. This dominance is being reflected in the demands by societies for top level commission payments under the ROLAC — Registry of Life Assurance Commissions — proposals.

Indeed, the future of the independent intermediary is *very much in question at the* moment with competition from societies on one side and unfavourable treatment in the *Government's plans for inves*tor protection on the other.



New proposals draw mixed response

UK Pensions

ERIC SHORT

LIFE companies, together with the rest of the pensions industry, heaved a massive sigh of relief when the Chancellor of the Exchequer, Mr Nigel Lawson, revealed the contents of *this year's Budget on March 13*.

For months prior to the Budget, the pensions industry had waited in fear that Mr Lawson was going to change the tax structure of pension schemes this year.

In the event, not only did he state that he had no plans to change the tax structure of pension schemes, corporate and individual, he also indicated that there would be no changes during the lifetime of the present Parliament, since he said that if any tax changes were contemplated, then there would first be a Green Paper on the subject, with oppo*rtunity for* discussion.

Now the pensions industry can devote its attention to the other changes being made or proposed to the structure of pension provision in the UK.

By far the most important of the changes is the Government's radical proposal to introduce a system of personal pensions to operate alongside company pension schemes and the State earnings-related scheme *(Serps)*.

Under these proposals, employees would be able to opt out of their employers' pension scheme and/or Serps and make their own personal pension arrangements.

The opportunities offered to life companies are all too apparent. They already have the monopoly of marketing self-*employed pensions, which are* akin to the proposed personal pensions. But whereas self-employed pensions have a potential market of around 1½m individuals, personal pensions would have a potential market of over 20m.

Therefore, it is something of a surprise to find that the reaction of life companies to the proposals has been mixed.

The newer unit-linked life companies have welcomed the proposals with open arms. Save *and Prosper Group* has been among the leading advocates of personal pensions.

Some of the established traditional life companies have expressed their doubts on the effect of the proposals on the overall pension provision in the UK.

They have seen dangers that employees, doing their own thing could find themselves at retirement, several years hence, *with inadequate pensions*.

The Prudential spent £400,000 publishing and distributing over 300,000 booklets explaining in detail the Government's proposals and warning that it was not necessarily the crock of gold portrayed by its supporters.

The fears of the pension establishment fall into two main areas.

● The first concerns the method of providing pensions under the scheme. Like self-employed pensions, personal pensions would operate on a money purchase basis, with the contribu*tions invested and the value of* the accumulated fund at retirement used to buy a pension.

The amount of the pension will depend on the level of contributions made by the individual and the investment performance of the institution.

Experience with self-employed pensions shows that on average the self-employed pay too little, too late and that there is a wide variation in the returns from life companies.

This contrasts with company schemes and Serps where the pension paid relates to an employee's earnings. The pen*sion from a personal pension* would be something of a lottery, with some doing well and others less so.

● The second fear of the pensions establishment related to the way in which personal pensions will be sold. Warnings have been made of hordes of life salesmen let loose on naive employees promising them telephone *number sized funds* if only those employees invest with their life company.

The personal pensions document, published *last July*, though scarce on many details, did show that the Government was aware of the dangers. It emphasised the necessity of employees being given enough information so they could compare personal pensions with benefits under a company scheme.

The document also mentioned the *need to protect the con*sumer, though it did not spell out how this was to be done.

The document did however ask for information on which financial institutions should be allowed to market and offer personal pensions. It envisaged the life company's monopoly being ended and that a wide range of institutions being allowed to provide personal pensions.

The evidence from the Life Offices Association (LOA) and the Associated Scottish Life Offices (ASLO) concentrated on this latter feature and strongly defended the continuance of the monopoly of life companies.

Their defence centred around the investor protection aspect, *though it concentrated more on* the supervision by the Department of Trade and Industry over life companies to ensure they do not go insolvent, rather than over the fears of high pressure, misleading sales.

The evidence also set out in some detail how information could be provided so that employees could make their choice, *though it stopped short* of explaining how this would be put into practice under current sales organisations.

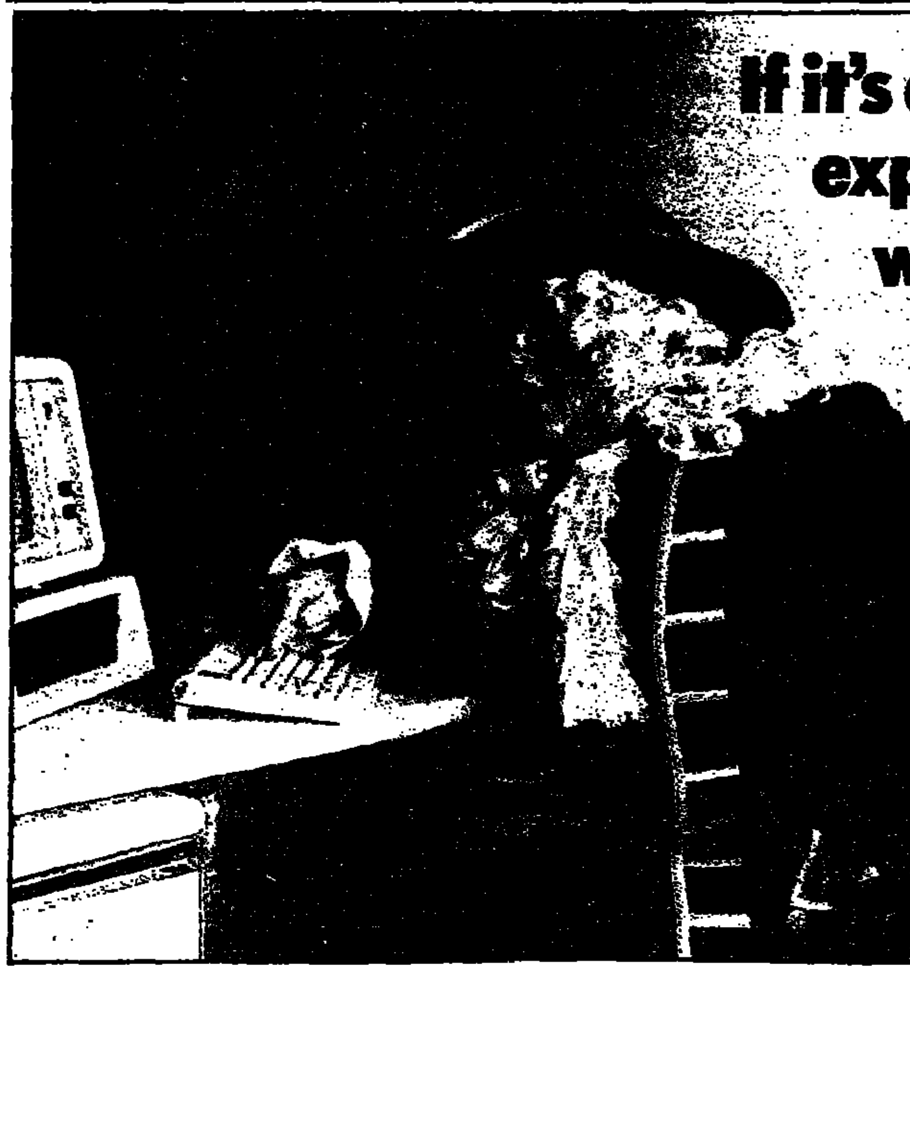
Only a passing reference was made to the talks now taking place to get a system of licensing life salesmen and to the Government's other moves towards investor protection.

It was left to the National Association of Pension Funds in its evidence to list a set of controls on salesmen, including disclosure of commission re[illegible].

The Government's White Pa[illegible] protection only briefly mentions the subject of personal pensions, stating that the proposed scheme has to be spelt out in detail before it can make any definite proposals.

The White Paper setting out the conclusions of the whole *Review of Pensions and Social* Security undertaken by Mr Fowler and his team is expected shortly, which will show among other things whether Serps is to continue in its present form, be modified or disappear altogether.

The White Paper has to set out a detailed description of how the personal pension scheme would work in practice, if Mr Fowler is to keep to the timetable set by the Government for legislation to implement the *changes being brought in the* 1985-86 session of Parliament.



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Mr Mark Weinberg: "We've got a very strong incentive now to come to agreement on reasonable rules"

A need for quick agreement

UK Regulation

BARRY RILEY

"WE'VE HAD longrunning arguments over many years, and very often a majority have felt a particular way and a minority have said 'no,' and then the majority have said 'well, if the minority won't do it, we won't do it either.' Suddenly, we've got something to concentrate the mind."

So says Mr Mark Weinberg, entrepreneur turned regulator. He built up Hambro Life from scratch to become a major force in the life assurance industry, and now he has just been appointed chairman of the Marketing of Investments Board Organising Committee (MIBOC).

The "something" referred to is, of course, the impending legislation on investor protection. Mr Norman Tebbit, Secretary of State at the Department of Trade and Industry, made clear, when introducing his White Paper in January on the regulation of the financial services industry, that he would prefer a system of self-regulation under which practitioners played the major role in regulating their own activities. The practitioners will have to satisfy him that they can do the job properly.

Mr Tebbit has paid the life assurance industry the somewhat surprising compliment of proposing a separate agency to regulate it, along with the unit trust movement. That will be the Marketing of Investments Board, of which Mr Weinberg's MIBOC is the forerunner. All other investment markets will be regulated by another body, the Securities and Investments Board.

It is true that there is a vigorous debate over whether the two bodies should be separate. At the very least, it is likely that the MIB in its final form will have a large degree of autonomy within the SIB, even if it is not completely independent.

The concentration of the mind referred to by Mr Weinberg will arise because the acceptance of the MIB, by the Secretary of State, as an appropriate self-regulatory agency will not be automatic.

Initially, the MIB will have to convince the Secretary of State that it fulfils certain laid down criteria. The first of these, as set out in the White Paper, is that "the body's proposed rules and practices relating to the authorisation of investment businesses . . . are fair and reasonable."

If the criteria are not met, the Secretary of State would have to regulate the relevant investment sectors himself through his department. Indeed, the DTI already regulates the solvency of insurance companies, and this will continue under the new framework.

Mr Weinberg describes his task as being to develop a regulatory structure so that the MIBOC can go along to the Secretary of State in, he hopes, nine months' or a year's time, and present an acceptable set of rules which can be shown to have the broad support of enough companies within the pooled investments industry.

Arguments

Plainly, there are going to be a lot of fierce arguments within the sector before an acceptable consensus can be hammered out.

The very appointment of Mr Weinberg, and the members of his board, sparked off fierce criticism from independent intermediaries and life offices such as Scottish Equitable and UK Provident which market exclusively through them. They argued that the balance was struck too much in favour of tied agents.

Elsewhere, some unit trust groups also complain that they are under-represented, and the building societies (which are major marketers of endowment mortgages) were deeply upset at being wholly excluded from the MIBOC in spite of being originally asked to nominate a board member.

The MIBOC will have to take on board at least two major existing debates within the life assurance and broking sectors. One is the argument over the rights and wrongs of controlling commission levels, and the other is the controversy over the licensing of life insurance salesmen.

Since the Life Offices Association's cartel arrangements collapsed several years ago there has been vigorous argument about commissions. Although the worst fears of a disorderly "bidding up" of commissions have not been realised, there remains anxiety that the Government will step into the commissions vacuum.

In fact, quite a few in the industry would be far from distressed if the Government were to impose direct controls, but Mr Tebbit's White Paper made it clear that this would conflict with the desire to encourage competition.

The Government's preferred alternative is full disclosure of commissions, at least of those received by independent intermediaries. The idea is that investors would then be able to tell whether their advisers were being swayed by the higher commissions paid by particular companies — including overrides and other incentives receivable on high volumes of business.

Independent brokers are apprehensive at being required to disclose commissions, especially when the Government is not suggesting (at least at present) that tied agents should have to disclose their own remuneration. It is generally accepted that potential buyers of policies would be repelled if they realised just how high are the commissions on many types of policy.

Consequently most life insurance companies are backing a commissions "club" called the Register of Life Assurance Commissions or ROLAC. The proposal is that ROLAC members would only have to refer to standardised commission scales, and would not have to spell out commissions in money terms.

A number of important life companies, notably some of the fastest growing operators in the unit-linked sector, are refusing to fall in line.

There is certain to be a battle ahead before the competitive jealousies can be resolved. Quite apart from the arguments over ROLAC, there is the underlying tension between tied agents and independent intermediaries to be resolved. Many of the latter fear that they will get a raw deal if the policies set out in the White Paper are translated into law.

Mr John McKirdy, managing director of Noble Lowndes Personal Financial Services, expresses a widely-held view when he says of the White Paper: "We have got to try to avoid it becoming a tied agents' charter."

This conflict between different categories of insurance salesmen has spilled over into the debate on licensing of intermediaries. A consultative group under the chairmanship of Mr Norman Graham of General Accident Life has been discussing the subject for some months. A major split became public a few weeks ago when Mr Brian Coote, president of the Society of Pension Consultants, announced that he would be making a direct approach to Mr Weinberg to protest at the direction in which the consultative group is heading.

Requirements

The present legal position is that under 1977 legislation an intermediary can only use the term "insurance broker" if he registers with the Insurance Brokers Registration Council (IBRC), and complies with the requirements of that body.

In practice anybody can sell life assurance under a title such as agent, consultant or salesman. In any case, registration with the IBRC is more of an indication of honesty than of competence. An expert at motor insurance need not know anything about endowment mortgages or pension plans.

The new regulatory framework will require changes in this area. Already, insurance brokers need to become licensed dealers in securities if they sell unit trusts. So there is a debate about the level of competence required to sell life policies—and the more experienced practitioners are protesting that the Norman Graham group is setting the level much too low.

It is now up to Mr Weinberg and his board members to sort out such disputes, with diplomacy backed up by the threat of rough-and-ready direct intervention by the Government if the industry fails to get its act together.

"We've got a very strong incentive now to come to agreement on reasonable rules," Mr Weinberg says.

Key deals herald major restructure

Divestment at Lloyd's

JOHN MOORE

IN THE PAST year the first significant "divestment" deals have been done in the Lloyd's insurance market. Between now and July 22, 1987 all Lloyd's insurance brokers will have had to divest themselves of their interests in underwriting managing agencies within the Lloyd's insurance market.

The divestment requirements were ordered by Parliament after evidence was heard before a parliamentary committee, during the passage of the Lloyd's legislation for improving self-regulation in the market, that actual abuses arose in the relationship between brokers and managing agency companies which they owned.

Something like 114 agency companies at Lloyd's, managing 308 insurance syndicates, 71 per cent of the total market, are affected by the divestment proposals and the changes mean a major restructuring of the Lloyd's community.

Among the key deals to take place so far are:

- Sturge Holdings, the independent Lloyd's underwriting agent, has acquired Edwards and Payne (Underwriting Agencies) an underwriting agency which forms part of Sedgwick Group.
- Merrett Holdings, another large independent underwriting agent, has acquired the Pulbrook underwriting agency from Stewart Wrightson, the insurance broker.
- Mr Murray Lawrence, who headed the underwriting interests of C. T. Bowring, bought out the agency interests from Bowring.
- Cater Allen, the discount house, bought Three Quays Underwriting Management from Sedgwick Group.

The divestment programme has provoked intense controversy within the Lloyd's market. On the trends indicated so far, the agencies are being disposed to independent agencies within the Lloyd's market or other entities inside Lloyd's. Sturge Holdings and Merrett Holdings have consolidated their positions as the largest independent underwriting agency groups at Lloyd's through their acquisitions.

Already, there are fears at Lloyd's that the market could be dominated in the future by a few, very large agency companies which will control the bulk of the underwriting capacity within the Lloyd's community.

Through their deals, the Bowring Lloyd's interests, now run by a partnership headed by Mr Murray Lawrence, and the Sturge and Merrett operations collectively have access to the capacity of more than 4,000 underwriting members out of a total of 26,050.

Lloyd's own divestment recommendations and guidelines for the market have contributed to the potential concentration of underwriting power.

Lloyd's has insisted that the agencies must remain firmly within the jurisdiction of the market and to this end all directors of an agency company must be members of Lloyd's and two-thirds of any agency board must be professionals who work in the market.

This approach is also designed to establish a common interest between those who look after an agency's affairs and the members whose affairs they look after.

Lloyd's is sensitive that the interests of outside shareholders in an agency structure may not be identical to those of the membership and this situation may produce conflicts, particularly if outsiders play an executive role in the management.

Even so, in order to attract outside capital, Lloyd's has permitted non-voting shares to be created in an agency's structure and there is no limitation placed on the ownership of non-voting shares.

There are a number of implications for the brokers in the current trends. The brokers are retaining their links with members' agencies, through which they introduce members to the Lloyd's market, and roughly 80 per cent of the members of Lloyd's are introduced to the market in this way. The retention of members' agencies by the brokers will give them a large amount of clout in the market.

Moreover, the brokers are actively considering shifting the balance of revenues between members' agencies and managing agencies. Mr Peter Miller, Lloyd's chairman, said last year "I have received a lot of representations in the market which give force that members' agents do not receive enough remuneration."

Mr Miller added that future tests of whether the revenue sharing arrangements between members' agents of brokers and managing agents contravened the spirit of divestment, would be related to whatever standard revenue sharing arrangements existed in the market.

There are a number of ways in which income is earned and then apportioned between the members and managing agencies. For example, a flat fee of 1 per cent of the members of Lloyd's premium income is charged and then split 60 per cent to the managing agency and 40 per cent to the members agency.

A profit commission of 20 per cent of the syndicate's total profit, including investment income, capital appreciation and other revenues, is levied and then split three-quarters in favour of the managing agency and one-quarter to the members' agency.

By simply redrafting an underwriting agency agreement between the brokers' members' agency and the managing agency with which he is obliged to sever his shareholding links, the status quo, in terms of revenue contribution to the broker, could be maintained.

Yet, the rise of the mega-agency casts some doubt on whether the power of the broker will be quite the same again. Within Lloyd's there is some concern that not enough outside capital is coming into the market in order to preserve the vitality of a market-place.

Parliament was worried when it considered the Lloyd's legislation about the possible loss of market identity at Lloyd's if the brokers were to continue their shareholding links with agencies in the market and consolidate those links. Now Lloyd's market identity is threatened by the divestment proposals themselves and the way in which the divestment deals have been structured.

Another issue is raised by the divestment question at Lloyd's. While Parliament saw potential and actual conflicts of interest between Lloyd's brokers and the insurance interests which they managed in the market, Lloyd's is now considering whether the same conflicts exist when an insurance company gains a large shareholding in a Lloyd's broker.

Lloyd's of London.

The recent merger by Sedgwick Group with Fred S. James is leaving the TransAmerica Corporation, a U.S. group with large insurance interests, with 29 per cent of the voting equity of Sedgwick and 39 per cent of the enlarged Sedgwick equity. Sedgwick is paying for Fred S. James through the issue of shares to TransAmerica, James's parent.

Nearly 20 years ago Lloyd's decided that if insurance companies owned brokers there was a danger that those brokers would give and get preferential treatment in the relationship and that a conflict would exist. A rule was established limiting insurance company ownership to 20 per cent. This has been relaxed to 25 per cent over the years and the St Paul Companies of Minnesota, another U.S. insurance group, was allowed to take its stake to over 25 per cent in Minet Holdings, the insurance broker.

In all likelihood the restrictions, such as exist, are likely to disappear. Commercial pressures have meant that it is no longer possible for Lloyd's to prevent outsiders access to its inner market structures.

Lloyd's is working out rules to govern the brokers and ensure that they remain in the market's jurisdiction for regulatory purposes. Once that is accomplished the rule is likely to be dismantled.

Lloyd's faces a challenging period in attempting to ensure that the delicate mechanisms of its market remain in balance at a time when major structural realignments are in progress.

Companies take a buffeting

Business Developments

ERIC SHORT

THE PAST 12 months have seen some radical changes in the UK personal insurance market as insurance companies have taken a severe buffeting from growing competition and adverse trading conditions.

The most radical moves have come in the house contents sector where companies have been hit hard by rising numbers of thefts.

Figures issued recently by the British Insurance Association showed that UK insurance companies paid out £236.6m on household thefts and all risk claims last year—15 per cent more than in 1983.

Individual insurance companies report claims ratios as high as 300 per cent in some areas—mainly inner city locations.

The reaction has been for many leading companies to make massive increases in content premiums in the high risk areas.

The introduction of post-codes had enabled insurance companies to analyse their claims experience geographically based on these post codes and set their rating systems accordingly. Legal and General has as many as 10 rating areas for its contents rates, while the Prudential has eight areas. Most other companies, however content themselves with five or six.

As a result of these changes, premium rates in most London areas vary from £13 to £20 per £1,000 sum insured—the highest rates being charged by the Pru and Commercial Union.

Most country areas still pay the same £3.30 or £3.50 rate, but some companies have reduced rates slightly for certain country areas, such as East Anglia, to £3 per £1,000.

The Pru also introduced an automatic £200 access on theft claims in London and certain other inner city areas, but this move has not yet been followed by any other insurance company.

On house buildings insurance itself, companies have been hit by the severe weather in recent years and by the growing numbers of subsidence claims.

But the only reaction from the insurance companies has been to lift rates this year from £1.50 to £1.60 per £1,000 sum insured. The underwriters admit that the minimum increase necessary to halt the rising losses was a 20 per cent rise to £1.80. But such is the power of the building societies, that the insurance companies decided it prudent to increase to £1.60 and talk further with the societies.

On motor insurance competition continues unabated as motor insurers battle to increase or hold on to their share of the market. This competition was sustainable while inflation remained low and the number of claims remained stable. As a result motor premium costs hardly changed during 1983 and rose around 6 per cent last year.

But during the final months of last year the number of claims rose by around 10 per cent, the causes of which insurance companies have been unable to pinpoint. And this higher level of claims has continued during the early months of this year. As a result motor rates should rise substantially this year, except for one factor.

Certain banking operations cannot wait to get into the motor insurance market, despite the poor returns coming on motor accounts from the insurance companies.

The Bank of Scotland and the TSB Trust Company have both launched their motor insurance contracts using Royal Insurance as underwriter. However, the Royal Bank of Scotland is going to be its own underwriter for its venture into the insurance field.

In UK commercial insurance, the property account was hit last year by a substantial increase in fire damage.

However, the extreme competition of previous years seems to have slackened slightly enabling the established UK insurance companies to put up premium rates and still hold the business.

Commercial motor business has also taken a hammering over the past couple of years with intense competition keeping down rates and the more intensive use of vehicles by haulage owners leading to rising claim frequencies.

Employers' liability is suffering from rising numbers of industrial ailments as medical diagnosis becomes more regular and sophisticated.

Asbestosis is still a problem for UK insurers, though it has never assumed the proportions it has in the U.S. Industrial deafness was and still is a major problem and other dust related diseases, such as bynnosis, are causing concern. The underwriters fear now is of a disease developing that had not been heard of at the time the contract was arranged.

Professional indemnity is becoming big business in the insurance world, in that more professions need to have it as a condition of offering services, and claims are rising as the public become more litigation conscious against their professional advisers.

Guardian Royal Exchange was hit hard last year by a spate of professional negligence claims relating to the accountancy profession.

In the marine market, hull rates are better, but cargo rates—one area that was profitable—have gone softer. In the aviation market, 1984 was a year of relatively few accidents following the insurance poor experience of 1983.

However, this year started badly. Insurers are looking for modest increases in hull rates. Underwriters are more concerned with the liability rates following large court awards.